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New frontiers in international banking, Page 18

World news

Moscow still keen on full summit

The Soviet Union made clear it was still interested in a full summit meeting with President Ronald Reagan in Washington later this year despite the past month of steadily deteriorating relationships between the two superpowers.

Mr Mikhail Gorbachev's call for an early meeting with the US president in Europe to negotiate a nuclear test ban was seen by US officials as a possible ruse by the Soviet leader to avoid going to the US this year. Mr Georgy Kornienko, the First Deputy Soviet Foreign Minister, rejected this interpretation.

"Mikhail Gorbachev did not mean that this meeting (on a nuclear test ban in Europe), if it took place, would supplant the summit meeting which had been agreed on in Geneva," he said.

Punjab reshuffle

The governor of strife-torn Punjab has been replaced by Sidarth Shankar Ray, a veteran politician and troublesbooter, as the Indian Government moved to restore calm to the northern state. Page 8

Sudanese poll

Nearly 6m Sudanese have started voting in the first multi-party poll in 18 years to choose a new government to replace that of deposed President Jaafar Nimeiri.

Rebel claims

Mozambican right-wing rebels said they had captured nine government positions in six provinces in the last two weeks, killing more than 1,250 soldiers and militiamen and more than 200 Zimbabwean troops.

São Paulo snarl-up

A strike by 5,000 Metro workers paralysed São Paulo's underground and caused traffic jams in the first wage dispute since the Brazilian Government launched a sweeping package of economic reforms a month ago.

Antonov flies out

Bulgarian airline official Sergei Antonov, acquitted of plotting to kill the Pope, flew to Yugoslavia after a Rome court lifted a ban on him leaving Italy.

Bombing claim

A little-known Arab group, the Pan-Arab Revolutionary Command, has claimed responsibility for a series of bombs, defused by police, aimed at British and American interests in Moslem-held west Beirut.

Mirage delivery

The United Arab Emirates will receive in September the first of 36 Mirage 2000 fighters ordered from France, a month ahead of the previously announced delivery date.

Cocaine haul

British and Australian customs officers say they have smashed a cocaine ring spanning three continents and based in Rio de Janeiro, Brazil.

Sindona finding

Forensic scientists confirmed in Milan that the cyanide which killed Sicilian financier Michele Sindona was in a cup of breakfast coffee he drank in jail.

US aid to Haiti

The US will send an extra $10m in food aid to Haiti to meet the country's "extraordinary needs" until September.

$1m tax demand

A tax panel has ordered imprisoned head of a drug ring Sylvester Murray to pay $1m in Detroit city taxes on income generated from the sale of drugs.

Spectator killed

A spectator watching Kenya's Safari motor rally was killed when a car driven by Sweden's Kenneth Eriksson went out of control on a bend near Kakamega.

Business summary

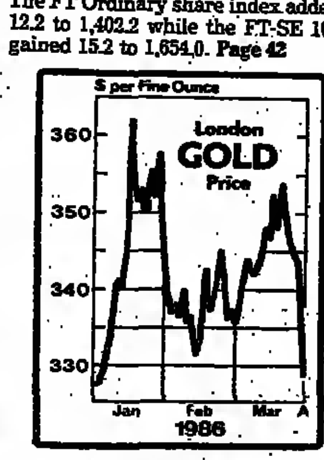
Nigeria to seek debt payments standstill

NIGERIA is expected to ask industrial government creditors for a moratorium on debt repayments similar to that agreed last week with commercial banks. Page 20

WALL STREET: By 2pm the Dow Jones industrial average was down 24.55 at 1,794.06. Page 42

TOKYO: worries about overheating pushed prices lower. The Nikkei average lost 113.88 to 15,745.87. Page 42

LONDON: brushed aside the lower oil price as stocks and gilts rose. The FT Ordinary share index added 12.2 to 1,402.2 while the FT-SE 100 gained 15.2 to 1,654.0. Page 42



GOLD fell $15 an ounce on the London bullion market to $328.75 and was $10.75 lower in Zurich at $331.75. Page 34

STERLING was weaker in London, losing 1.25 cents against the dollar to $1.4715. It was also lower at DM 3.435 (DM 3.45), SFr 2.865 (SFr 2.89), FFr 10.535 (FFr 10.6175) and Y261.75 (Y266.25). The pound's exchange rate index fell to 75.8 from 76.3. Page 35

DOLLAR showed mixed changes in London, rising to DM 2.335 (DM 2.3255) and FFr 7.1605 (FFr 7.155) but falling to SFr 1.9475 (SFr 1.948) and Y177.9 (Y179.45). On Bank of England figures, the dollar's exchange rate index fell to 118.9 from 119.3. Page 35

JONATHAN AGNEW, former managing director of New York investment bank Morgan Stanley, is to be chief executive of the International Securities Regulatory Organisation, the self-policing body being set up by international securities houses in London. Page 26; Men and Matters, Page 18

MARCOS stake in the Philippines' biggest food and beverage concern, San Miguel, was bought back by the parent group for 3.3bn pesos ($166m). Page 23

UK SUGAR farmers have discussed with Tate & Lyle, the refiner, the possibility of mounting a consortium bid for British Sugar, the sugar beet subsidiary of the S&W Berisford commodity trading group. Page 28

ASHLAND OIL, US refiner facing a hostile takeover bid from First City Financial, controlled by the Canadian Belzberg family, has agreed to buy back shares acquired by the Belzbergs at a premium. Page 21

MR SAUL STEINBERG, New York financier, has invested another $85m in Frank B. Hall, the third-largest US insurancer broker, which lost $190.5m in 1985 and has had its accounts qualified by auditors. Page 21

MOËT-HENNESSY, France's leading champagne and cognac group, has acquired a 8.2 per cent interest in Compagnie Luxembourgeoise de Telediffusion broadcasting group from the French Hachette group for FFr 230m ($32m). Page 24

GRANADA, UK entertainments group, continued diversification with the £26m ($38m) purchase of Computer Field Maintenance from STC, the troubled telecommunications and computer company. Page 8

We regret that the unit trust prices on Page 29 in Tuesday's edition were not correctly updated. London traded options do not appear in this edition because of technical difficulties.

US warning over oil as spot prices drop below $10

BY WILLIAM HALL IN NEW YORK, DOMINIC LAWSON AND MAX WILKINSON IN LONDON

SPOT OIL prices on both sides of the Atlantic fell below $10 a barrel yesterday for the first time in 12 years, as Mr John Herrington, US Energy Secretary, issued a warning about the damaging effects on oil companies.

Hitherto, the US Administration has carefully distanced itself from all those who have sought to prevent the fall in prices.

But yesterday's comments were seen in the markets as perhaps indicating the first feelings of major unease in the Administration about the consequences of the oil price collapse.

On the New York Mercantile Exchange, oil prices plunged to $9.75 a barrel at one stage early yesterday but had recouped some of their losses by mid-day when the May crude oil contract was being quoted at $10.14 a barrel, compared with a settlement price of $10.42 a barrel on Monday.

North Sea oil prices slipped below $10 a barrel yesterday, the lowest level since trading in North Sea oil began nine years ago.

Cargoes for delivery this month are available at $9.90 a barrel, while a cargo of Brent for May delivery was bought by the oil trading arm of Goldman Sachs for $9.50. The nadir was reached when Shell UK made a deal to buy a cargo for delivery in June at $9.35 a barrel.

The slide in oil prices helped to depress gold, silver and plantinum prices in London and New York. Dealers said lower oil prices would help to depress inflation and to limit investment in precious metals from the Middle East.

While much of the US's heavily depleted onshore fields in Oklahoma and Texas are uneconomic at prices below $15 a barrel, the latest price collapse threatens the economics of the North Slope, where it costs about $9 a barrel to produce 1.5m b/d, mostly from the giant Prudhoe Bay oilfield.

"The Saudis have a lot of friends in the world, and forcing prices down by excess production has ramifications among their allies. I'm sure they are conscious of this," said Mr Herrington in an informal meeting with journalists on Monday.

Mr Herrington said that Saudi Arabia was approaching the point of "diminishing returns" in its move to force oil prices lower and he warned that the kingdom's policy of increasing production bad "political ramifications." According to a report in the Washington Post yesterday, Department of Energy officials said that Mr Herrington's remarks were "intended as a signal to the Saudis that the time has come to stabilise oil prices."

Mr Herrington's reported remarks were the first hint that the US Administration was becoming concerned by the impact of the collapse of world oil prices on the US energy industry.

Until now, the US Administration has adopted a "hands off policy" on oil prices and only last week Mr Herrington, testifying in front of

Continued on Page 20

Venezuelan oil monopoly profit, Page 21; Commodities, Page 34; Currencies, Page 35

EEC warns US against new trade restrictions

BY PAUL CHEESERIGHT IN BRUSSELS

THE EEC and the US were heading yesterday towards a further damaging round of trade restrictions and retaliation, this time over the effect of Community enlargement on American farm product exports.

Responding to a Reagan Administration threat of quotas and higher tariffs on Community sales in the US, Mr Willy de Clercq, the European Commissioner for External Relations, said such measures would be unjustified and contrary to international trade rules.

He warned: "The Community could not accept such a flagrant violation of its Gatt (General Agreement on Tariffs and Trade) rights and would be obliged to take appropriate action to defend its interests."

The dispute hinges on the way Spain and Portugal adapt to the Community's common customs tariff and the Common Agricultural Policy.

The US has protested about three aspects of changes which started to come into effect on March 1.

First, Spain is replacing its 20 per cent tariff on maize and sorghum imports with the Community's system of variable levies, which puts a duty on top of a tariff to bridge any gap between world and Community prices. With the levy at its current level, the US claims that this would more than double the cost of selling maize, the more important product, on the Spanish market.

Second, 15 per cent of the Portuguese grain market of about 800,000 tonnes a year, and now dominated by the US, is being reserved for Community suppliers. That would cost American exporters $89m a year.

Third, Portugal is introducing temporary import controls for soya beans, and that, the US thinks, will lose it 267,000 tonnes of trade worth $59m.

Faced with what it sees as a total trade loss of up to $600m a year, the White House said at the weekend that it was ready to exact compensation by taking measures against the Community.

These measures, on the Spanish question, would start on July 1 with the withdrawal of duties on certain but unspecified Community products which are fixed by Gatt agreement. This would be followed by the setting of new duties.

The restrictions on the Portuguese market would be met by quotas equivalent in value to the soyabeans controls with higher tariffs to offset the loss of access to the grain market. But no timetable was set.

All of this was classified by Mr de Clercq as "an unfriendly action, needlessly aggressive and difficult to understand."

Continued on Page 20

Editorial comment, Page 18

UK plans retirement equality

BY DAVID BRINDLE AND NICK BUNKER IN LONDON

THE British Government bas published proposals which would make it unlawful for employers to require women employees to retire at an earlier age than their male colleagues.

The proposals, put forward yesterday in a consultative document antitled Sex Discrimination and Retirement, represent a quick response to a ruling in February by the European Court of Justice in Luxembourg that differential retirement ages breach European Economic Community directives on sex equality.

Employers' organisations in the UK gave a cautious welcome to the move. However, the Equal Opportunities Commission was critical of a failure to deal with inequalities of pension rights as well as retirement age.

Leading actuaries said the Government's move would have little short-term impact on the occupational pensions industry but predicted a spur to the long-term trend towards greater flexibility on retirement age.

The legislation envisaged by the Government would be in the form of amendments to the Sex Discrimination Bill, due to enter the House of Commons this summer. A commencement order would give effect to the measures within 12 months of the bill receiving Royal Assent.

The principal measure would be an amendment to the Sex Discrimination Act 1975, making it generally unlawful for an employer to dismiss a woman on grounds of age when a man in comparable circumstances would not be dismissed.

A second measure would amend the Employment Protection (Consolidation) Act 1978, extending the right to claim unfair dismissal to age 65 for men and women. At present this right is removed from women who have reached either the age of 60 or the normal retiring age for the job concerned.

The Government said the change would require employers to alter policies under which women may be expected to retire at an earlier age than men but there would be no requirement to provide equal access to retirement benefits.

Further, the Employment Department was anxious to stress yesterday, there would be no effect on women's existing options to retire earlier than men nor on differential state pension antitlement.

European law permits the UK practice of payment of state pensions at age 60 for women and 65 for men.

The Government was obliged to act on the retirement age issue by a case taken to the European Court by Miss Helen Marshall, a former senior dietician employed by the Southampton and South-West Hampshire Health Authority, who was expected to retire against her wishes when she turned 60.

However, ministers are presenting the move as a positive development. Mr Ian Lang, junior employment minister with special responsibility for equal opportunities, said the proposals were "a step towards the concept of a decade of retirement" – the idea that men and women should be able to retire at a time of their choosing within a 10-year span.

Mr Lang said: "It is right that woman who wish to go on exercising their skills and contributing to the economy should be able to do so on the same terms as men."

If the proposals are enacted women who opt to continue working after 60 will be eligible for state pension. But, as now, entitlement to pension will fall on a sliding scale once earnings exceed £75 a week.

Allied Lyons to buy Hiram Walker unit

BY CHARLES BATCHELOR IN LONDON AND BERNARD SIMON IN TORONTO

ALLIED-LYONS, the British food and drinks group, has agreed to pay C$2.6bn (US$1.88bn) for the wines and spirits division of Hiram Walker Resources, the Canadian energy group, in a surprise move which could block hostile takeovers for both companies.

The proposed purchase, which has been negotiated in the space of just 10 days, would be the largest acquisition to be carried out by a British industrial group of a North American company.

It would propel the combined Hiram Walker/Allied company from fifth and sixth positions in the international wines and spirits league to second position behind Seagram of Canada.

The deal would also make Allied a less vulnerable target for Elders IXL, the Australian brewing group which last October launched a £1.8bn ($2.64bn) takeover bid. The Elders' bid lapsed in December when it was referred to the UK Monopolies and Mergers Commission for an investigation of the financing being used.

The sale by Hiram of a division contributing 42 per cent of its operating profit and 40 per cent of sales is expected to make the Canadian group less attractive to Gulf Canada, the natural resources company which is making a C$1.8bn bid for voting control. Gulf Canada is 80 per cent owned by Olympia & York, the property company.

It will also allow Hiram to finance a friendly counterbid for its own shares – by a newly-created company controlled by Hiram, Allied and two private investors.

Hiram Walker is best known for its Ballantine's and Canadian Club whiskies and for Courvoisier cognac. Hiram Walker Spirits made operating profits of C$282m on turnover of C$1.52bn in the year ended August 1985. It had net assets of C$1.13bn.

Allied's best known drinks brands include Teacher's whisky, Harvey's sherries and Lamb's Navy rum. Its wines, spirits and soft drinks division made a profit of £66.4m on sales of £1.04bn in the year ended March 1985.

Sir Derrick Holden-Brown, Allied chairman, denied that the purchase was defensive, saying it was part of Allied's long-term corporate strategy to broaden its range of brands and improve access to the best distribution outlets.

"We are extremely excited," Sir Derrick said. "This makes us bigger and perhaps more difficult for Elders to acquire. Even so our one and only defence will be our own peformance.

"When we heard Hiram had received an unacceptable bid, we immediately approached them to see if they wanted to sell their wines and spirits business. I personally rather doubt whether Elders will come back."

Continued on Page 20

Lex, Page 20

Bofors wins $1.14bn Indian arms order

BY KEVIN DONE IN STOCKHOLM

BOFORS, the armaments subsidiary of Nobel Industries of Sweden, has won an SKr 8.4bn ($1.14bn) arms order from India, one of the biggest export contracts ever won by a Swedish company.

The order covers the supply of complete field artillery systems based on the Bofors FH77B howitzer, which has been developed jointly with the Swedish Army and is already in use in Sweden.

The contract includes the supply of the howitzer guns, ammunition, fire control systems, towing vehicles and spare parts.

Bofors will also be responsible for training Indian Army personnel in the use of the system and for the establishment of a service and maintenance organisation in India.

Under the contract, Bofors has also given a licence to India for the subsequent local manufacture of the artillery system, which is expected to lead to further equipment deliveries beyond the initial SKr 8.4bn contract.

About 12 per cent of the worth of the order will come from foreign subcontractors, including Marconi of the UK, which will supply the fire control system.

Bofors first began discussions with the Indian authorities in 1978 and it has been awarded the final contract in the face of fierce competition chiefly from armaments manufacturers in France, the UK, West

Continued on Page 20

Stockholm stock exchange, Page 42

Why UK's ADR tax brought howls of protest

By Alexander Nicoll in London

WHEN BRITAIN's new tax on US trading of UK shares was imposed last month some British companies found that the market in a substantial portion of their equity bad dried up at a stroke.

So it is scarcely surprising that the 5 per cent charge on conversion of shares into American depositary receipts (ADRs) has been greeted with bowls of protest from UK corporate treasurers as well as from London and New York brokers.

Treasurers fear the tax will be bad for their share prices, cause uncertainty among investors, create difficulties for companies heading for privatisation, such as British Gas, and handicap British companies wishing to make acquisitions in the US in exchange for their own paper.

US investment in the UK is hardly new. But British companies have joined the worldwide rush, encouraged by leading broking firms, to step up global distribution of their shares on the principle that tapping new sources of investment is good for the share price. US investors find foreign shares more palatable if they come in the form of US securities, so the ADR – a US-listed certificate representing a bundle of foreign-registered stock – has been extremely popular.

The first ADRs, issued as long ago as 1927, represented British shares. Though the market has since expanded with the listing of many Japanese and continental European companies, UK companies have been among the most actively traded.

For companies seeking an international shareholder base, however, the UK tax is the latest in a series of warnings that a truly global market in shares will not develop as easily as in bonds.

Companies with ADRs outstanding had already found that US investors can be tetchy. Publication of poor results without sufficient advance telegraphing of hints, or failure to keep in touch through an investor relations programme, can alienate some US institutions. ADR holdings have been more actively traded than UK-registered stock, partly because of arbitrage, and the proportion of companies' equity held in ADR form has tended to fluctuate quite widely.

It has also proved tricky in new issues to persuade foreign holders to keep shares, rather than sell them back into the issuer's home country for a quick profit. Investors abroad may have quite different perceptions and expectations of a company from its domestic shareholders.

Continued on Page 20

CONTENTS

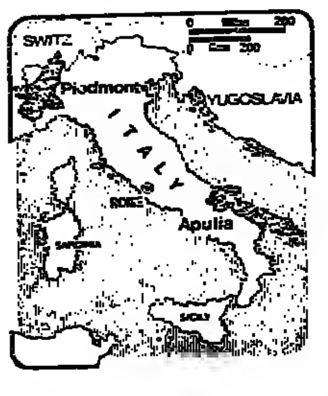
Europe	2, 3	Currencies	35
Companies	21, 24	Editorial comment	18
America	4	Eurobonds	26
Companies	21, 24	Euro-options	38
Overseas	3, 4	Financial Futures	35
Companies	23	Gold	34
World Trade	7	Int'l Capital Markets	26
Britain	8, 10	Letters	19
Companies	27-30	Lex	20
		Management	12
		Market Monitors	42
		Men and Matters	18
		Money Markets	35
		Raw materials	34
Agriculture	34	Stock markets – Bourses	39, 42
Appointments	31	– Wall Street	39-42
Arts – Reviews	14	– London	36-39, 42
– World Guide	14		
Commercial Law	31	Technology	12
Commodities	34	Unit Trusts	31-33
Crossword	31	Weather	20

Italy: concern mounts over wine scandal 2
Hong Kong: blast off for new stock exchange 3
Argentina: new mood on Falklands anniversary 4
Management: 'Just in time' manufacturing process ... 12
Technology: radio that calls its own tune 12
Editorial comment: EEC trade; UK privatisation .. 18
Banking: stampede to become global players ... 18
Sugar: shake-up in European industry 19
Lex: Allied Lyons; Discount houses; Slough Estates ... 20
South Africa Survey .... Section III

Concern mounts in Italy over wine-deaths scandal

BY JAMES BUXTON IN ROME

AS THE number of Italians who have died from drinking wine containing lethal quantities of methanol rose to 12 yesterday, the Italian authorities and the country's wine producers are becoming aware that they are facing a human and economic disaster.



Not only are people dying or becoming gravely ill, the scandal is ruining the reputation of of medium and low quality wine among Italians and endangering the name of all Italian wine in export markets.

The scale of the disaster is far worse than that which hit the Austrian wine industry last year after it was discovered that some Austrian wine makers had been adding ethylene glycol to their wine. Not only has the methanol caused deaths, but the Italian wine industry is far bigger and more important to the Italian economy than that in Austria.

Italy's 460,000 commercial wine producers accounted for about 40 per cent of all wine made in the European Community before the accession of Spain and Portugal. Italy is the biggest exporter of wine in the world, selling abroad 18m hectolitres in 1984-85 for a value of L1,300bn (£650m).

For the past 30 years Italy has been fighting hard against traditional attitudes of some producers to raise the quality of its wines and improve their image abroad. One expert on Italian wines yesterday described what is happening as a "tragedy."

Exactly what is happening, why and its extent are questions which still lack clear answers. Magistrates are pursuing their interrogation of the five men who have been arrested so far, and a desperately overstretched force of Carabinieri specialists is attempting to seize suspect wine in wineries and on the shelves of supermarkets.

The 12 people who have died so far, and the nearly 50 who are in hospital, are mostly middle-aged or elderly people in northern Italy who drank wine bought very cheaply in stores and supermarkets. Some of them are alcoholics.

Some of the wine which has caused the deaths was a brand of Barbera, a well-known type of red wine which first originated in Piedmont, the region of north-west Italy considered to be the most sophisticated in wine production. This particular Barbera was bottled and labelled by the Vincenzo Odore company from the village of Incisa Scappaccino in Piedmont.

Both Vincenzo Odore and his son Carlo are in custody. They obtained the wine, they claim, from another family company, that of Giovanni Ciravegna and his son Daniele, who come from Narzole, also in Piedmont.

They claim however, to have obtained the wine from Antonio Fusco, from the town of Manduria in Apulia, down in the heel of the Italian peninsula. All five face charges of multiple murder and injury, as well as breaching the laws on the permitted methyl alcohol content of wine.

Apulia produces large amounts of low quality wine, often with a high alcohol content, because of the vast amount of sunshine it receives. This wine has traditionally been sent to northern Italy, as well as to France and elsewhere to strengthen wines made in less sunny climates.

In recent years, yields of grapes in Apulia have mounted sharply and the alcohol content of much Apulian wine has dropped—in some cases to around 7 or 8 per cent. To bring the alcohol content up to the normal level of 11 or 12 per cent, some additive is necessary.

Adding sugar to aid fermentation is a traditional way of boosting the alcohol content of wine. This is banned in Italy, though it is still occasionally used. It is legal elsewhere in the EEC. In this case, however, someone decided to add methanol, known to do-it-yourself enthusiasts as thinners used in diluting paint. It has an immediate effect in raising the alcohol content, but can also cause death.

Methanol is the same as methyl alcohol, which is present in tiny quantities in all wines. The legal amount is 0.5 per cent in Italian red wine, but the wine bottled by the Odore family contained 5.7 per cent methyl alcohol.

But the Barbera sold by the Odore family and originally claimed to have been obtained from Ciravegna is not the only wine to have caused deaths. In Emilia Romagna also in the north, for example, wine has been found with an exceptionally high methyl alcohol content (up to 13 per cent) the origins of which have not yet been established.

The suspicion is growing that the practice of adding methanol to wine may be happening in other parts of the country. The question is being asked whether or not many more people may have died from drinking the lethal wine before the scare began, their deaths perhaps being attributed to other causes.

Forensic experts have confirmed that there was cyanide in the coffee drunk by Mr Michele Sindona, the convicted Italian banker, before he collapsed in his cell last month crying "they have poisoned me," writes James Buxton in Rome.

They also established that cyanide was found in his bloodstream following his death on March 20. The forensic experts have not established how the cyanide found its way into his coffee.

The question of whether Mr Sindona was murdered or committed suicide remains unanswered as no trace of the poison was found in the thermos in which the drink was brought to his cell.

This is far from conclusive, however, as the thermos was washed out after the coffee had been poured.

One effect has been to make Italians highly suspicious of anonymous-looking table wine available at cheap prices in litre bottles at supermarkets. Some are for the moment sticking to mineral water. Others are going to their local wine shop to buy upmarket wines.

The efforts of the government to warn Italians of the dangers are now coming into question.

The government has not put out official warnings and has handed over much responsibility to the regional authorities. Its main effort has been devoted to protecting the image of Italian wines in export markets. Mr Filippo Maria Pandolfi, the Minister of Agriculture, agreed with farmers' organisations on the form of a decree which took effect at the weekend.

It requires all wine which is exported to carry a certificate from a Government-approved laboratory guaranteeing the amount of methyl alcohol which it contains. This is in addition to the normal certificate of origin. How smoothly this measure works remains to be seen, especially as laboratories are few.

The action became essential after the West German Government warned people to be careful when buying wine from Piedmont and Apulia and ordered controls by customs on wines from these areas. The French authorities seized cargoes of bulk Apulian wine and discovered a high methyl alcohol content. Britain has advised people visiting Italy or bringing wine to Britain to steer clear of very cheap wine.

"The tragic thing is that 90 to 95 per cent of Italian wine makers are honest," says a specialist on the subject. "It's just this tiny minority doing a crazy thing that is threatening the whole industry."

French minister stands firm on economic policies

BY DAVID HOUSEGO IN PARIS

MR EDOUARD BALLADUR, the French Minister of the Economy, yesterday sought to lay low reports that the country's new right-wing Government was back-tracking on its economic programme.

At his first press conference since taking office ten days ago, Mr Balladur said that he found appropriate the descriptions of "reasonable," "moderate" and "responsible" that had been applied to him in recent days.

But he added that there should be no doubt that the Government was determined to implement the policies for which it was elected.

Mr Balladur's remarks were intended to counter the impression given by some press reports that the Government was putting caution before its election pledges in such measures as the lifting of price controls and privatisation.

The belief that the new administration would move less fast than it had originally intended was also reinforced by President Mitterrand's disclosure last week that he would not sign a decree accelerating legislation over easing redundancy procedures.

Mr Balladur spoke in the ornate, "grand," salon of the old Ministry of Finance building in the Louvre where he is maintaining a foothold notwithstanding President Mitterrand's plans to hand it over to the museum.

Mr Balladur nonetheless lived up to his reputation for silence and discretion by declining to say more about the Government's economic policies. He confined the brief press conference attended by large numbers of journalists to explaining the organisation of his department. With four ministers under him responsible for the Budget, external trade, privatisation and small-scale industry, he has by far the largest administration in the Government with virtually the standing of a deputy prime minister.

Mr Balladur said that he had told the heads of nationalised banks who he saw on Friday that he did not want to give the impression of being an "agitator" but of working "serenely" with them.

He said that he expected "efficient" and "dynamic" management from them. But—contrary to reports that the banks would be allowed to manage their own privatisation—he said that this was the responsibility of the Government.

Thomson plans to reduce workforce by up to 25%

BY PAUL BETTS IN PARIS

THOMSON, the nationalised French electronics group, plans to reduce by between 20 to 25 per cent the workforce of its European colour television set operations in a further rationalisation to make this sector competitive against Japanese and other European manufacturers.

The latest job cut proposals involve about 1,500 workers out of a total of 8,500 employed in Thomson's European colour television business. The largest number of cuts involve West Germany where about 1,000 jobs are expected to be reduced from a total of 5,300 people.

In France, Thomson is planning 550 cuts including 180 early retirements out of a total of 1,850 jobs while in Spain the French group expects to cut 200 out of a total of 900 jobs.

The rationalisation plan has already been put to union representatives from the three countries. Thomson outlined its proposal at a joint meeting of worker representatives in the framework of the European-wide union consultation and information process the French company launched last autumn.

Thomson was the first European company last year to set up such a union consultation and information process. The French company made no secret that it established the system to help it in its efforts to rationalise production throughout its European consumer electronic plants.

Thomson is one of the largest manufacturers of colour television sets in Europe and this sector accounts for about half of Thomson's estimated annual consumer electronic turnover of FFr 21.8bn (£2.1bn) this year. However, Thomson's consumer electronics business lost FFr 300m last year with the losses coming mainly from hifi operations but also from colour television sets.

Beirut force withdrawal

BY OUR PARIS CORRESPONDENT

FRANCE HAS decided to withdraw the small observer force it has maintained in Beirut to help police the ceasefire between the Christian and Moslem communities.

The decision marks the first foreign policy initiative of Mr Jacques Chirac's Government though a withdrawal has been under consideration for some time. Officials emphasised yesterday that the move had been agreed in consultation with President Mitterrand.

The immediate factor precipitating the decision was the killing of a seventh French soldier in the grounds of the former French residence in Beirut just before the elections. Some 45 French soldiers remain in Beirut from the unit sent there in 1984 after the French—like the Americans, British and Italians before them—pulled out of the multilateral force set up in the wake of the Israeli invasion.

Behind the move, however, lie the Government's fears of the vulnerability of the French community as a result of the seizing of the French hostages in Beirut and the failure of negotiations to secure their release. Mr Chirac has already advised French journalists to leave.

The withdrawal—to take place over the coming days—has been negotiated with the Shiite, Druze and Christian forces in Beirut to avoid any loss of life.

Bulgarians 'forced to change names'

By David Buchan

NEARLY 1m Bulgarian citizens of Turkish origin have had their Turkish names officially changed, sometimes at gunpoint, to Bulgarian ones, according to a report published today by Amnesty International.

The London-based international human rights body claims to have reports of at least 100 people killed and the names of more than 250 people arrested and imprisoned during what Amnesty interprets as a Sofia Government drive to "Bulgarise" the population.

The Sofia Government, which according to today's report refused to allow Amnesty investigators into Bulgaria, has countered that the name-changing has been "spontaneous and completely voluntary."

It has stressed that the change of name carries no negative legal or religious consequences.

The Amnesty report's publication coincides with today's opening in Sofia of the five-yearly congress of the Bulgarian Communist Party.

Finnish civil servants vote to strike today

By Olli Virtanen in Helsinki

A STRIKE by Finland's civil servants union that would stop most public transport in the Helsinki area, including foreign air travel, was scheduled to begin this morning.

This follows a close vote last night (54 against 50) by the union's council of representatives who turned down the mediator's request to postpone the strike.

Initially 15,000 workers are expected to stop work.

The dispute concerns ways to fill the "wage gap" in which the union believes its members have fallen. Its wage demand currently exceeds settlements reached between the central labour market organisations.

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Soviet Union acts to reform agriculture policy

BY OUR MOSCOW STAFF

THE SOVIET leadership has announced agricultural reforms that will introduce more flexible retail prices for many fresh foods, relate incentive bonuses more to past production than to unrealistic current output targets, and break down some of the marketing barriers between state and private produce.

The 7,000 word decree published over the weekend heralded the first concrete steps under Mr Mikhail Gorbachev to move toward the "radical reform" which he espoused in general terms at the recent Communist Party congress.

The measures, a few of which are to take effect this year but most next January, also reinforce the impression that Mr Gorbachev a trained agronomist who was the top party official in charge of agriculture from 1978 until he became leader last year, is reforming agriculture faster than industry.

At last month's party congress, he deliberately likened his agricultural reforms to the "food tax" system introduced by Lenin in 1921 to ward off famine with revived private food production.

But Mr Gorbachev's reforms are unlikely to have the dramatic effect that Lenin's policy did, now that production of all forms is so firmly in state hands.

The main new measures are:

● A 50 per cent price bonus on production of major commodities above the average 1981-1985 level, regardless of whether output actually reaches the new and higher 1986-90 official targets. This reward system will apply to grain, meat, milk, cotton, soya, sugar-beet, tea, wool, and a few other crops.

The problem with the current incentive system is that bonuses have been tied to unrealistically high targets that have rarely been met. For instance, grain targets have averaged 239m tonnes a year in 1981-85, but output only averaged 188m tonnes a year, according to estimates made by Western experts. Since 1980 the embarrassment of poor harvests has prevented the Soviet Union from publishing production figures.

● Both state and collective farms will be able to sell 30 per cent of what fruit and vegetables they are supposed to produce under plan targets direct to local shops, restaurants or to markets in cities and towns. Collective farms have been able to dispose of extra produce as they liked only once they met 100 per cent of their target obligations to the state.

State farms have not even had this flexibility; at present they have to sell all their produce, even if it is over the plan target, to the state, which pays sometimes two or three times less than buyers in the city markets.

Individual peasants will also be able to sell the cattle or poultry they raise on their household plots to local shops.

This new flexibility, they estimated, could put 20-25 per cent more fruit and vegetables on Soviet tables without one extra carrot or apple being grown.

● Local authorities in charge of "oblasts" — districts about half the size of the average English county — will have the power to fix retail prices for fruit and vegetables in local state shops. Prices will vary more from region to region.

Mr Gorbachev's personal knowledge of the farm sector has probably made it easier to introduce change here than in other areas (the only ministries so far abolished in his vaunted drive to trim the cumbersome bureaucracy have been agricultural bodies).

Yet the decree bears many hallmarks of entrenched ways.

Grain production, given incentive by increases in procurement prices, is still centrally planned. Complex instructions detail new bonuses designed to boost farmers' average pay into line with average industrial earnings by 1990, and outline which construction projects may or may not be decided without guidance from bureaucrats in Moscow.

Mikhail Gorbachev: putting agricultural expertise into practice

Lange seeks to improve relations with France

By David Housego in Paris

MR DAVID LANGE, the New Zealand Prime Minister, has renewed his offer to visit France in an effort to put relations on a better footing with Mr Jacques Chirac's new government.

But the offer, made in a newspaper interview, contains no sign of New Zealand readiness to yield on the key point for the French—the release of the two foreign intelligence agents imprisoned in New Zealand for their part in the blowing up of the Greenpeace boat, the Rainbow Warrior.

The French Foreign Ministry said yesterday that the New Zealand proposal would be "studied carefully." It revealed that the new Foreign Minister, Mr Jean-Bernard Raimond had seen Mr John McArthur, the New Zealand ambassador, last Tuesday or four days after the Government took office.

In an interview with the daily Liberation, Mr Lange says that France's new right-wing Government is in no way to blame for the Rainbow Warrior affair. He thus thinks it should have "a more serene and objective view" of the incident which has strained ties between the two states.

Since early this year France has been retaliating against New Zealand by blocking the country's imports into France, including lambs brains, wool, fruit, frozen fish and bulls' sperm.

Mr Lange said in the interview that France bad also refused import licences for about 60 tonnes of New Zealand lamb and seedling potatoes into New Caledonia, France's South Pacific territory.

The import curbs, which New Zealand has complained about to the OECD and the General Agreement on Trade and Tariffs (Gatt), have never been officially acknowledged by the French.

Though the new Government has yet to announce its policy towards New Zealand and the release of the French agents, statements by right-wing politicians while in Opposition suggest that it could be tougher.

This was confirmed by the reminder given last week by Mr Francois Guillaume, the Minister of Agriculture, that New Zealand exports 80,000 tonnes of butter a year into the EEC.

New Zealand diplomats in Paris say that New Zealand still does not know who in the French administration gave the orders for the systematic curbing of New Zealand imports through the use of non-tariff barriers and health requirements.

A member of Mr Chirac's neo-Gaullist RPR party, Mr Paul Anselin, visited New Zealand before the elections and saw the two French officers, Mr Alain Mafart and Mrs Dominique Prieur, in prison.

In the interview Mr Lange repeated that under New Zealand law, there could be no question of negotiations over prisoners who were gaoled by the courts.

He said that the 10 year sentence could bowever be reviewed after three years.

Mr Lange will be visiting a number of European countries in May and June.

Turkey's trade balance improves further in 1985

BY DAVID BARCHARD IN ANKARA

TURKEY'S foreign trade balance continued to improve in 1985 with exports growing more than twice as fast as imports, according to year-end figures released in Ankara.

Exports grew by 11.5 per cent to $7.958m, while imports rose by 5.4 per cent to $11,343m.

Turkey thus had a deficit of $3.3bn when freight charges ere included, 6.6 per cent below the 1984 level. Final trade figures, adjusted to an fob basis for imports, are expected to be eround ;2.5bn.

Imports of consumer goods rose sharply as a result of Prime Minister Mr Ozal's policy of cautious trade liberalisation, growing by 37 per cent to $904m.

Exports of agricultural products fell by 1.7 per cent on 1984 levels but industrial exports rose by 16.5 per cent and are now $3.9bn or exactly three quarters of Turkey's total exports.

Exports to the OECD were up by 9.8 per cent and trade with the European Community grew by 14.7 per cent for exports and 19.2 per cent for imports.

Swiss secrecy tradition defended

William Dullforce explains why Swiss bankers were angered by Government instructions to freeze Marcos assets

SWISS bankers feel their Government dealt them a low blow last week, when it ordered them to freeze assets belonging to Mr Ferdinand Marcos, the deposed Phillippines president, and his family.

They do not impugn the morality of the Government's action bnt, they complain, its interference was not called for and has introduced an unprecedented and disturbing political element into the normal legal framework of Switzerland's famed banking secrecy.

At the same time the bankers are at pains to emphasise that the row over the Marcos case, because of its exceptional political nature, does not imply any change in their regular relations with foreign clients.

Mr Achille Casanova, spokesman for the seven-member Federal Council, openly acknowledged the political motive behind its original order to six banks to freeze the Marcos assets.

It was designed to give Mrs Cory Aquino's administration in Manila time to set in motion the complicated legal procedure required by Swiss law to enable the banks' legally imposed responsibility for guarding their clients' secrets to be lifted.

The Government cleimed there had been reports that en attempt would be made to shift the assets. The inexperienced Aquino Government was understandably slow in submitting the appropriate request for legal assistance. This has to be preceded by leying charges against Mr Marcos in the Philippines that would also be valid under the Swiss criminal code.

Other influences were undoubtedly at work within the Government. Its proposal that Switzerland join the UN had just been sweepingly rejected by voters in a national referendum, provoking puzzled sometimes critical comments from other capitals.

Any obstruction to legitimate claims from Manila for the recovery of pilfered funds would only revive charges that Swiss banks are e haven for criminally acquired, Mafia-type money and further tarnish Switzerland's international image.

Moreover, the US whose tax authorities and stock exchange regulators have most persistently battered at the ramparts of Swiss banking secrecy, was keen to help the new regime in Manila.

Domestic political motives may also have been present. Mr Otto Stich, the Finance Minister, has had a score to settle with the banks since his proposed amendments to the Banking Act, which would have curbed banking secrecy, were turned down by the electorate.

Certainly the Government put the banks on the defensive. It won considerable public support even in the leader columns of some Swiss newspapers normally antipathetic to authoritative action from the Confederal capital.

Bankers underline the essentially political, some say opportunistic, nature of the Government's move. It is, for instance, inconsistent with its previous refusal to block at the request of the Iranian regime funds deposited in Swiss banks by the former Sheh.

It is wrong, bankers suggest, to bypass arbitrarily for purely political reasons the current legal foundation for Swiss banking secrecy, which is delicetely balanced on internetional agreements covering legal assistance in prescribed circumstances and on a conveotion agreed by the banks to monitor the origin of monies placed with them.

Moreover, they argue, the Philippines Government had en alternative course available: it could have commissioned a Swiss lawyer to seek a sequestration order against any Marcos assets.

The bankers were not really appeased when the government shifted responsibility to the Banking Commission, the controlling authority, which then extended the freeze from the original six to all Swiss banks.

The banks now have until April 9 to report to the commission any assets beloogiog to Mr Marcos, bis family or companies associated with him. They have until April 15 to confirm formally to the commission that they will not allow these assets to be disposed of without the commission's approval.

So far the only putative evidence of the existence of Marcos funds in Swiss banks is in a document published in Washington, which lists five accounts totalling $88.7m.

The Swiss Government has achieved its aim in allowing the Aquino Government a breathing space in which to start its action for the recovery of funds. No time limit has been put on the freeze, elthough bankers argue that it cannot last indefinitely.

Changes in the financial markets are now having an effect in the Far East

Blast-off for new HK stock exchange

BY DAVID DODWELL IN HONG KONG

AFTER a careful cbeck of the Chinese Almanac the new unified Stock Exchange of Hong Kong opens today looking more like the Houstoo space control centre tban a traditional tradiog floor. It is seid to be the most sophisticated in the world. With the opening of the exchange the territory's four existing exchanges heve started liquidation proceediogs.

Mr Ronald Li, chairman of the new exchange, makes light of the transition: "Instead of goiog to a blackboard to make a trade, brokers will press buttoos." The brokers who will occupy the 2,000 console stations in the vast exchaoge hell have nevertheless been io training for about six months.

Tbe uoified excbange, built at the foot of ooe of Hong Koog's most modero and glamorous waterfroot office towers, Exchange Square, has had a bumpy nine-year gestation, aod opens more than two years later than originally intended.

There have beeo rows over wbo should be allowed to be members, over the terms under wbich the old exchanges will be wound up, over the cost of membership, and over proposals for disclosure of trading details. All bave cootributed to delay.

Hoog Kong has 935 listed stockbrokers. Just 500 of these are active in any serious sense, and only 300 are active on a daily basis. Many of the smaller, one-mao brokerages have nevertheless seen unification as a threat from the broking giaots in tbe territory.

Five UK-linked brokers handle most of the busioess oo the excbange, and a total of 20 account for an average of 75 per cent of daily business. Rules allowing bank-related brokerages to wio seats on the new exchange have aggravated fears that the days of the small operator are numbered.

There has also heen resistance to the idea of members of the Kowloon exchange being allowed membership. This is the smallest of Hong Kong's exchanges, accounting for e bare 1 per ceot of daily business. By contrast, the Hongkong Stock Exchange accouots for an average 20 per ceot of daily market turnover, while the Far East and Kam Ngan exchanges account for about 40 per cent apiece.

Membership of the exchange is to cost HK$100,000 (£8,600), more for corporate members, and this is thought likely to discourage inactive brokers from joining. So far, 700 members have been registered.

There has heen oppositioo to rules Introduced to encourage brokers to reduce their "off-market" tradiog. At present, the published averages of daily turnover of about HK$200m to HK$300m are understood sigoificantly to understate the true volume of business done. This can be calculated ooly by breaking down the stamp duty paid to Hong Kong's tax authorities on all share transactions.

Hong Kong boasts about 250 listed companies, with a market capitalisatioo of about HK$260bn, accounting for about 1 per cent of corporate capitalisation on stock exchanges worldwide. Yet there is at present no central clearing system, and no central depository system—which means that shares have to be delivered physically on completion of a transaction.

The inauguration of a computerised and unified excbaoge is seeo as the first step to introducing such chaoges. Central clearing is promised for 1987, with a ceotral depositary system soon after that. The excbange's computer system, designed and installed at a cost of $Sm by Logica of the UK working io e joint veoture with Jardine Matheson, offers 400 pages of teletext as well as tbe capability of trading shares with the use of just the computer coosole and a telepbone.

In a simulated tradiog session lo Marcb, the computer handled 25,000 traosactions. Mr Li said last week: "If we reached 20,000 deals io one session, it would be a very good day." The daily average at preseot is about 8,000.

Nn matter wbat the technical virtuosity of the new exchange, bowever, no traditiooal Cbinese broker would comfortably set up shop without a careful word with the soothsayer about the important matter of "feog shui"—the balanced alignment of natural forces.

Mr Li is no exception, aod it is no accident that the Chioese almanac pinpoiots April 2 as an excellent day for tradiog and fishing. No doubt the exchaoge's newly-installed brokers will be too busy learning the art of computerised tradiog to think seriously about the day's other auspicious activity.

Roger Taylor

WITH the new unified stock exchange (above) will come a new share index to provide a more sophisticated measure share price movements than is currently possible usiog the traditional Hang Seng Index, writes David Dodwell.

The new Hong Kong Index, will be made up of 45 stocks, covering six sectors—finance, utilities, property, consolidated enterprises, industries, aod hotels. It will be launched today from a base of 1,000, and will be updated every 15 minutes throughout every trading day.

By cootrast, the Hang Seng index has just 33 compooent stocks, is broken into four subsectors, and is calculated twice a day. It will not be abolished following the appearance of the oew index, but will be published in tandem with it.

Amoog the componeots of the new index, shares of the Hongkong and Shanghai Banking Corporatioo are to be given the heaviest weighting, accounting for 12.06 pec cent of the iodex's total market capitalisation. Amoog other heavily weighted stocks are the Hang Seng Bank (7.11 per cent), Chioa Light and Power (7.12 per cent), Hongkong Telephone (7.69 per cent) and Hongkong Land (7.0 per cent).

Shares grouped in the finaoce sector account for a 21 cent weighting in the index, while utilities account for 23 per cent, properties 26 per cent, conglomerates 23.8 per cent, industrials 2.7 per cent, and hotels 3.5 per ceot.

According to Mr Jeffrey Sun, chief executive of the unified exchange, the 45 stocks in the new index represeot just over 85 per cent of the stock market's capitalisation, and accouot for about 87 per cent of turnover.

Land price soars in Tokyo

By Carla Rapoport in Tokyo

LAND PRICES oear Tokyo's Stock Exchange showed the lergest increases in e year which saw the price of a square foot of laod in the Japanese capital soar by more than 50 per cent.

The supply of lend in 1985 simply could not keep pace with the demand for ceotrally located office buildings after foreign banks and stockbrokers started to pour in to take advantage of the recent financial liberelisation.

According to Japan's National Land Agency, land prices nationwide increased by only 2.6 per cent last year. In Tokyo, however, the three central commercial districts —Chiyoda, Chuo and Minato —registered iocreases of 53.6 per cent in the year.

A square foot of land in Minato ward, where the US embassy is located now costs Y10.2m (£383,0001. Land in the Ginza area, Tokyo's prime shopping district, is now at around Y25m a square foot.

Prices of land in Japan's industrial areas, however, remeined almost unchanged in the year.

AMERICAN NEWS

Administration starts to draft reforms for product liability

BY TERRY DODSWORTH IN NEW YORK

LEGISLATIVE proposals for Federal reforms to the US system of product-liability insurance are expected shortly after a White House decision to act on a recent report from an Administration task force.

The move comes at a time when a number of state legislatures are beginning to take action to curb liability claims.

Reacting to the rapid escalation in the cost of settling claims for damages, virtually every state has considered reforms over the last few months. Missouri, for example, has set a limit of $350,000 (£237,000) on medical malpractice awards for pain and suffering, while South Dakota has imposed a cap of $1m on similar awards, allowing them to be paid over time rather than in a lump sum.

According to lawyers in the liability field, the Justice Department has now begun drafting work on the Government's proposed legislation after receiving the support of the White House. Underlying the draft Bill will be a less punitive concept of fault, stressing the idea that simple negligence will not always be sufficient for a damages award, and that products or services should be clearly shown to have been defective in a successful liability case.

Among the reforms which are expected to be included in the Bill are restraints on the amount of punitive damages that can be awarded to victims, limits on pain and suffering payments and caps on lawyers' fees.

The idea of imposing ceilings on damages has surfaced among the supporters of reform because of the rapid escalation in the value of awards given by juries in the last few years. Non-economic damages — punitive judgments designed as a deterrent to companies — are said to have reached an average level of $1m in the US.

Union Carbide fined $1.3m

FEDERAL regulators yesterday levied record fines totalling $1.3m (£880,000) against Union Carbide, alleging the company violated safety rules in the US at least 221 times in the last six months, AP reports.

The fines, which Union Carbide has 15 days to appeal against, mark the largest penalty ever levied by the Occupational Safety and Health Administration. The alleged violations occurred in five units inspected by Federal investigators since an August 11 poison gas leak at the company's plant outside Charleston.

UN adjourns Libyan debate without action

THE UN Security Council adjourned debate on Monday night on the military clash between Libya and the US without a resolution, Reuter reports from the UN.

The council agreed that its president for April, Mr Claude de Kemoularia of France, would consult members further. But no request was made for a vote on a draft proposal circulated by the Soviet Union and Bulgaria.

Mr Peter Maxey, Britain's Ambassador, said after the session that he was 90 per cent certain that this was the end of the affair for the council.

The Soviet-Bulgarian resolution called for firm condemnation of "the act of armed aggression" against Libya and a demand for an immediate halt to any hostile actions against its territorial integrity, sovereignty and political independence.

It also called for "appropriate compensation for the loss of lives and damage to property resulting from this act of aggression."

The US has withdrawn naval forces which last week carried out exercises in the disputed Gulf of Sirte area to challenge Libya's claim to the gulf.

Libya launched missiles at US aircraft, which retaliated with attacks on Libyan boats and a missile range. Washington said at least two Libyan craft were destroyed.

There was little chance that the Soviet-Bulgarian resolution, the only one circulated, would be approved - if only because the US has the power of veto.

About 30 states took part in the debate, most of them non-members of the council. Among those who took Libya's side, Mr Mohammad Al-Shaali of the United Arab Emirates asked who had requested Washington to undertake action, as it claimed, on behalf of the international community.

US airline merger meets opposition

THE US Justice Department has opposed the planned merger of Northwest Airlines and Republic Airlines on anti-trust grounds, charging that a merger of the two Minneapolis/St Paul-based air carriers would stifle competition.

The Justice Department's strongly-worded objections to the $884m (£599m) deal, contained in a 29-page memorandum to the US Transportation Department which has final authority for approving all airline mergers, could hamper the wave of mergers which are resulting in a sweeping restructuring of the fiercely competitive deregulated US airline industry.

In its memorandum, the Justice Department says the elimination of competition between Northwest and Republic "creates a significant probability that the merger will have substantial anti-competitive effects in up to 86 markets, unless other factors, in particular ease of entry, indicate otherwise."

Last year the Justice Department initially opposed United Airline's $750m purchase of Pan Am's Pacific division, but offered proposals which it said would remedy the problems. After meeting the Department's objection, the United deal was completed two months ago.

IMF boosts projection of world growth

THE International Monetary Fund (IMF) has notified its members that it revised upward its growth projections for the world economy due to lower oil prices, a further fall of the dollar and interest rate declines, AP-DJ.

"Overall, output and demand now expected to grow about ½ percentage point per annum faster in 1986 and 1987 than was envisaged in documents (previously) circulated by the staff," the IMF said in a paper dated March 19 and revising data contained in the Fund's world economic outlook, completed in February.

The revised outlook projects the real, or inflation-adjusted, growth in all industrial countries to an average 3.0 per cent in 1986 and 3.2 per cent in 1987 instead of the respective 2.8 per cent and 2.9 per cent previously.

Jimmy Burns explains Argentina's changing attitude towards the disputed island

Falklands anniversary signals new mood

"EVERY DAY is the second of April." The slogan posted up around Buenos Aires over the last week by a group of Falklands war veterans may have an element of wishful thinking, but in one sense it does hit a national nerve.

Although Argentines may have more burning matters on their minds, four years after Argentine troops invaded the Falkland Islands, the issue continues to slip into conversation here far more often than in Britain.

A recent British book on the war dismissed it as a "freak of history," but this is not how the Argentines see it. "La guerra de las Malvinas" had a profound effect on the country's collective psyche, far surpassing the actual battles and subsequent surrender.

Death at the hands of a foreign enemy and former ally was experienced for the first time in the country's modern history. The defeat of the country's most powerful and historically-uncontested institution meant that it was humiliated and utterly discredited overnight.

The same crowds that had enthusiastically roared their support for General Leopoldo Galtieri were demanding little less than his head. Returning conscripts booed and insulted their officers in public. Later, an internationally-unknown local lawyer, Mr Raul Alfonsin, won the presidency on a bold platform of military reform and human rights, opening up a transition to democracy throughout Latin America.

Publicly, Argentines today boast that the end of the military regime was assured by the courageous offensive of the people. Privately, the more honest among them admit that they owe the early demise of Gen Galtieri to Mrs Margaret Thatcher, the British Prime Minister. In such a paradox lay the trauma — a defeated nation that somewhere lost control of even its own destiny.

Today, the fourth anniversary of the "recovery of the islands" will be marked by demonstrations and wreath-layings. The conscripts will commemorate their dead heroes, and the nationalists will reiterate their continuing struggle against "imperialism."

But beyond the rhetoric, a different attitude has developed in the Argentina of Mr Alfonsin. While it remains almost impossible to find an Argentine willing to renounce his claim to the islands, official attitudes as to how and when they should be recovered have modified dramatically in the past four years.

By bringing to trial and condemning the juntas for human rights violations and their misconduct of the Falklands war, Mr Alfonsin has distanced himself from the Argentina of the military in much the same way as Herr Adenauer broke with Hitler's Germany.

In so doing, Mr Alfonsin has met Mrs Thatcher on moral ground—out of the trauma he has managed to lay the basis for reconciliation. His determination to be a reliable member of the international community has also brought growing support within the United Nations.

Argentine soldiers during the Falklands war . . . four years later, still a talking point

During the last debate over the Falklands in November, countries in the European Community and the Commonwealth joined the US in supporting an Argentine-backed motion calling on both sides to discuss "all aspects" of the future of the islands. Within Britain, public opinion has also shifted away from a "Fortress Falklands" policy and there have been friendly meetings between Mr Alfonsin and Mr Neil Kinnock, the Labour leader, and Mr David Steel, the Liberal leader.

Dialogue and impasse have continued to revolve around the thorny issue of sovereignty. Both British opposition leaders made clear privately that neither a future Labour nor Alliance Government would surrender Britain's claim to the islands overnight or do anything that would prejudice the islanders' future.

They have, however, accepted that sovereignty can form part of an open agenda, as it did during the 20-odd years of diplomatic talks between Britain and Argentina over the Falklands prior to the invasion.

This willingness to discuss sovereignty without formally recognising the Argentine claim from the outset is a formula similar to the 1980 agreement between Britain and Spain, which led to the present Anglo-Spanish dialogue over Gibraltar.

Mr Alfonsin believes that it provides an honourable way out for both sides and has pledged "full guarantees" for the islanders, even though Argentines still find it difficult to gauge the trauma the invasion represented for them.

Mrs Thatcher's insistence that sovereignty cannot be discussed is one block in the way of a breakthrough over the Falklands. The other is Argentina's unwillingness for years in the past to accept olive branches held out by the British Government, such as an open-door policy on visas to Argentines wishing to visit Britain and the unilateral lifting of the British trade embargo last July.

Now, for the first time since the end of the war, the Argentine Government is making a gesture of goodwill towards Mrs Thatcher on her own terms, by relaxing arrangements over trade and visas.

In Buenos Aires the official strategy is that the current relaxation should be done discreetly, without any formal announcement, so as not to run the risk of a domestic public outcry. But it is hoped that the measures will be tested by London and judged a significant concession.

Until now, the Foreign Office has insisted that confidence-building measures on both sides are needed in order to create the climate necessary for the resumption of talks abruptly broken off in Berne in July 1984.

Thus, the ball seems to be once again in Britain's court over whether or not to respond on the outstanding issue of talking on an open agenda. As one Argentine official put it: "We do not want the islands back today or tomorrow. We can wait 20 years or more. But sovereignty cannot be excluded from discussion."

US response to incursion offends Honduran dignity

BY PETER FORD IN TEGUCIGALPA

NICARAGUA'S recent incursion into Honduras and the dramatic response of the US have left Hondurans feeling bitter and affronted.

"No one respects our national sovereignty," Mr Efrain Diaz, opposition Christian Democratic Party leader, complained. "Not the Sandinistas, not the Contras, not the Americans. Honduras is just a theatre which we rent out for other people to put on their shows."

The use of US helicopters to ferry Honduran troops to the scene of combat and President Reagan's decision to rush $20m (£13.5m) in emergency military aid to Tegucigalpa, have pushed Honduras "a fairly significant step down a road it does not want to take," one European diplomat said.

"They are closer to taking part in a regional conflict that they do not want," he added.

The authorities were especially upset at the way Washington's handling of the affair drew fresh attention to the existence of Contra rebel camps inside Honduras. The country has long pleaded ignorance of these establishments, one of which was the target of the Nicaraguan attack.

Last week's episode, one senior Honduran official suggested, "means we will have to teach ourselves to tell the truth" about the Contra presence, "but to make it clear that we don't want it to happen."

Clear indications that Honduras ignored the Sandinista action against the Contras until Washington forced Tegucigalpa to go public, also show how anxious Honduras is not to clash with Nicaragua either,

US factory orders fall 1.4% in February

US FACTORY orders fell $2.8bn (£1.89bn), or 1.4 per cent, in February to a seasonally adjusted $198.6bn according to the Commerce Department, Reuter reports.

The decline, the largest for 13 months, followed a revised gain of 0.1 per cent, or $186m, in January.

New orders for durable goods decreased 1.2 per cent, or $1.3bn, in February. This was down from the 0.5 per cent decline the Department reported two weeks ago.

The February decline was the first since October and the largest since September 1984, when factory orders fell 1.6 per cent.

The decline was the result of a drop in defence capital goods orders and decrease in orders for petroleum and food

Chile police arrest 100 in anti-government protests

BY MARY HELEN SPOONER IN SANTIAGO

OVER 100 people were arrested and 20 injured on Monday during street demonstrations against General Augusto Pinochet's regime. The protests were called by left-wing opposition groups to mark the first anniversary of the kidnapping and murder of three Chilean Communists.

A special prosecutor implicated 14 policemen in the killings, but an appeals court later overturned the indictment.

There were more than 20 bomb explosions in the capital and bombs felled two high tension towers, temporarily cutting off electricity along a 1,500 km stretch of Chilean territory. The bombings are thought to be the work of the Manuel Rodrigues Patriotic Front, a leftist guerrilla group operating in Chile for the past three years.

On Sunday night the Front interrupted a government television broadcast, transmitting anti-government slogans and urging Chileans to take part in Monday's protests.

Opposition groups remain divided over street demonstrations. Last year 11 political organisations, ranging from the moderate wing of the Socialist Party to the rightist National Party, drew up a cross-party proposal for a transition to democracy in Chile.

The proposal, called the National Accord, calls for direct presidential elections and an end to restrictions on civil liberties. The accord's more conservative backers, however, oppose protests as counter-productive and playing into tha hands of the regime'

OVERSEAS NEWS

BA halts weekly flights to Peking

BY DAVID DODWELL IN HONG KONG AND MICHAEL DONNE IN LONDON

BRITISH AIRWAYS' weekly flight between Hong Kong and Peking will terminate in two weeks, the airline said in Hong Kong yesterday.

The announcement coincides with the inauguration of twice-weekly flights from the territory to Peking by Cathay Pacific, Hong Kong's *de facto* flag carrier.

Lord King, chairman of British Airways, left London for Hong Kong last night, and it is understood that during a brief stay in the territory be will be discussing the question of the airline's flights to Peking with the Hong Kong Government.

The loss of the Peking operation is a commercial blow to British Airways, which has set great store on its ability to offer passengers from Britain through-flights to Peking via Hong Kong. British travellers will still be able to reach Peking via Cathay Pacific Airways although the number of flights available has always been regarded by Cathay as inadequate.

The issue of air traffic rights between Hong Kong and cities in mainland China has become more than usually controversial since Britain agreed to hand sovereignty over Hong Kong back to China in 1997.

CAAC, China's national airline, has always seen Hong Kong as part of its territory. Sixty CAAC flights arrive in Hong Kong every week from Chinese cities, compared with six a week by British carriers into the mainland.

According to British Airways, China's civil aviation authority refused to renew the joint service agreement for unspecified "matters of policy."

British Airways in Hong Kong yesterday said it was upset at the lack of notice over the agreement's termination. However, Mr Colin Marshall, the group's chief executive, gave clear indications that such a development was on the cards as long ago as November

Visiting Hong Kong just before Sino-British air service talks on flights between Hong Kong and the mainland, he said that British Airways regarded flights between Hong Kong and cities in mainland China as regional services in which it had no direct interest.

John Elliott visits a strategically important but primeval area with an unusual history and a doubtful future

Developers eye remote Indian tribal islands

JUST OVER 44 years ago, in March 1942, Japanese armed forces invaded the remote and strategically important Indian Ocean islands of Andaman and Nicobar and within a couple of hours seized them from British control.

Today the future of these distant outposts is under debate in India. The question is whether or not to transform their character and tottering economy with an invasion of foreign-based industrial and commercial investment, while at the same time strengthening defences against another armed takeover.

Expatriate Indian businessmen from Dubai and Hong Kong and the Association of Indian Engineering Industries want to turn the 500-mile-long line of primeval forested islands, which accommodate some of the world's most hostile pagan tribes, into a free port and international trade zone as well as a major tourist centre.

The plans, which some islanders suspect would create a smuggling haven for black money, face practical problems and could endanger the islands' unique ecological heritage and hasten the threatened extinction of some of the tribes.

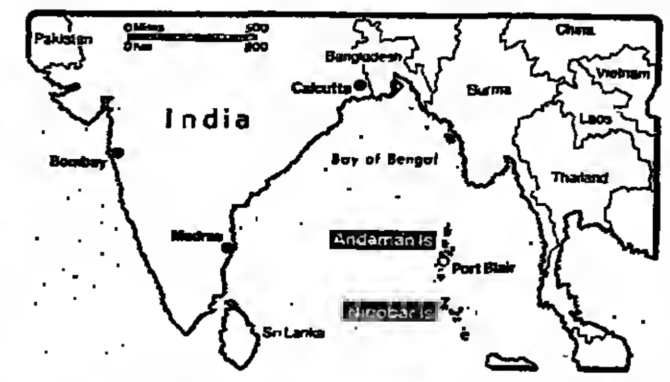
"Economists say that for the same estimated cost of between $2bn and $5bn you could build a more profitable project on the Indian mainland, because a complete infrastructure would have to be created here," says Captain Vijay Prasada, a former naval officer who runs one of the island's two main tourist hotels. He is a leading member of the "Save the Andamans campaign."

Lt Gen T. S. Oberoi, the lieutenant governor who rules the area for the Indian Government, stresses that the string of 370 islands and their tribes are a "sacred trust" which must be protected. He puts strategic defence as the first of the priorities for the islands, followed by protecting the tribes and the environment, and only then by economic development.

Once part of a mountain range stretching from Burma to Indonesia, the islands greatly extend India's territorial rights and provide it with a base in the Indian Ocean which it is determined to protect, fearing otherwise a parallel establishment to the US base in Diego Garcia to the south west.

India regards the ocean as its rightful preserve and wants it designated a zone of peace. It is carrying out extensive oceanographic research, primarily to explore for deep sea mineral deposists. The research also provides the Indian Navy with important sea bed information for submarine operations.

There is a major Indian base in the southern most island of great Nicobar and there are



indications that India is building up its armed force on this and other islands. Of the 370 islands, 35 are inhabited by a total of about 225,000 people, including descendents of settlers from various part of the Indian subcontinent and 23,000 tribal people.

There are five primitive tribes. One has been reduced in numbers from approaching 5,000 in 1901 to 27 now and, according to experts, faces the risk of extinction within 50 years because its birth rate is lower than its death rate.

Called the Great Andamese, these pigmy negroid tribal people have genetic problems stemming partly from opium addiction and venereal disease contracted when the island's capital of Port Blair was used as a convict prison under British rule from 1789 to 1945. Many were killed in armed clashes with the British who also used Port Blair's jail for political prisoners during India's independence struggle.

The legacy today is a more concentrated criticism of British rule than is apparent in most other parts of India. Lt Gen Oberoi says the prison, now a national memorial, is "a mute witness to atrocities perpetrated on freedom fighters."

The most hostile tribe is the Jarawas, who kill about ten people a year because, it is assumed, the victims have strayed into the tribal lands.

Meanwhile the economy, centred on the island of South Andaman which includes Port Blair, is not strong. It depends almost entirely on subsidies, supplies and development aid from the mainland which are budgeted to cost Rps 2.85bn (£170m) between 1986 and 1990. The main industries are timber, tourism and fishing but each faces problems.

Protection of the forests that cover 86 per cent of the islands is a major priority, and felling of more trees than can be replaced is banned. This has severely cut supplies to wood-based industries. Fishing is carried out mainly in traditional local boats with only 6,000 to 7,000 tonnes being caught a year.

Tourism is limited, with only about 1,500 to 2,000 foreign visitors a year. Half of this total come from the Soviet Union in groups organised to help balance India's rupee trade with the Soviet bloc. Western groups visit the islands as part of longer Indian tours for activities such as scuba diving, underwater photography and trekking.

Access to beaches is difficult and considerable investment and opening up of tourist spots is needed. At present many tourists leave the islands criticising the facilities.

Developing these three areas alone would avoid most of the massive upheaval a free port and trade zone would cause. Such upheaval would eat into the forests and disturb beaches which are so unspoilt that they are covered with live shellfish and bordered with coral.

The idea is being promoted by three separate groups: Dubai-based Indians with links in London, looking for places for investment; Hong Kong Indians looking for alternative business locations when China takes over the colony to 1997; and the Association of Indian Engineering Industries, a major trade association.

"This is a good way to promote exports, especially light electronic industries and services which would not do damage to the environment," says Mr Tarun Das, director general of AIEI. It envisages the infrastructure being funded entirely by private sector companies which would be given 25 to 30-year franchises for operating services such as telecommunications and port facilities.

It wants the zone on an island because this would have more chance of creating a new environment, backed by a special brand of rupee as currency. Grindlays Bank has proposed the inclusion of an offshore banking unit.

Mr Rajiv Gandhi, the Indian Prime Minister, has spoken in favour of the idea of creating a new Hong Kong or Singapore. But locals have their doubts. "This will become a smugglers' den because everything will be available cheap here," says a retired Government official.

Pakistan to request $2.6bn from World Bank

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN will request the World Bank's aid consortium for pledges totalling $2.6bn (£1.76bn) for the new fiscal year 1986-87 which starts on July 1.

The consortium is scheduled to meet in Paris on April 11. It will be attended by all the members, as well as international financing institutions such as the World Bank and Asian Development Bank.

The donors pledged $2.1bn for the fiscal year 1985-86, but a $400m sector loan did not succeed because of the conditions attached. The actual disbursements during 1985-86 are estimated at $800m.

Pakistan has increased the aid request to $2.6bn for 1986-87 in the hope that it will lead to actual disbursements of $1.7bn. The donors' reaction is not yet known, and there are no indications what amount they will be ready to commit.

Pakistan wants the larger aid flow to pursue a bigger development programme and finance the import of more commodities and raw materials from Western sources.

INTRODUCING
THE
CONTENDERS
FOR
YOUR £12,000.

Most Spacious Saloon.

This category provided a real turn-up for the books. The Audi 100, famous for its roominess, came in with a highly respectable EPA figure of 115.4.

Amazingly it was edged out by the shortest car in the class – the Saab 9000i with a cavernous interior measured at 126.

(For the technically minded, the EPA figure is a measurement by laser of the total area within a car, developed in the States.)

Most Comfortable Saloon.

This was an extremely close run affair. MOTOR summed it up thus:

'Ride comfort . . . The 9000's superb suspension control is every bit as good as that of the Mercedes, the standard setter in this class.' A highly honourable draw!*

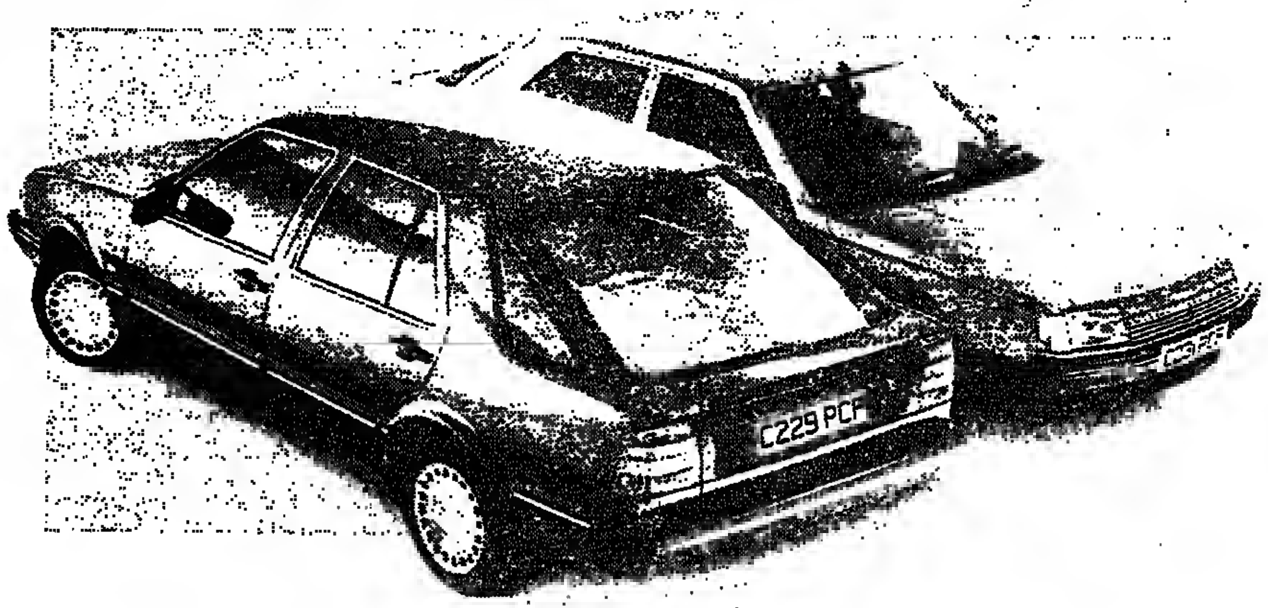
However, take into account Saab's legendary skill at designing seats, and the 9000i is almost unbeatable at carrying up to 5 people in comfort.

Most Fuel Efficient Saloon.

Saab and Mercedes feature strongly once again.

However, at a steady 56 mph, the 9000i achieves 47.9 mpg# as opposed to the Mercedes 200's 46.1§ – something to do with the Saab's 16 valve engine compared to the Merc's 8 valves, we suspect.

Plus the Merc costs £500 more than the Saab, and an extra £1,000 more to achieve the same specification level.



Most Aerodynamic Saloon.

Of all the executive saloons, the Renault 25 range takes top honours with drag coefficient figures between 0.28 and 0.33.†

Yet for the customer with up to £12,000 to spend there's a surprise in store.

The Saab 9000i achieves better average fuel economy, with a drag coefficient figure of 0.34,† than the comparable Renault 25GTX.§

Best Appointed Saloon.

MOTOR (Nov 16, '85) got quite carried away at this particular point:

*'The Saab 9000 has a definite air of quality, easily in the class of BMW, and is furnished better than its principal German rivals.'**

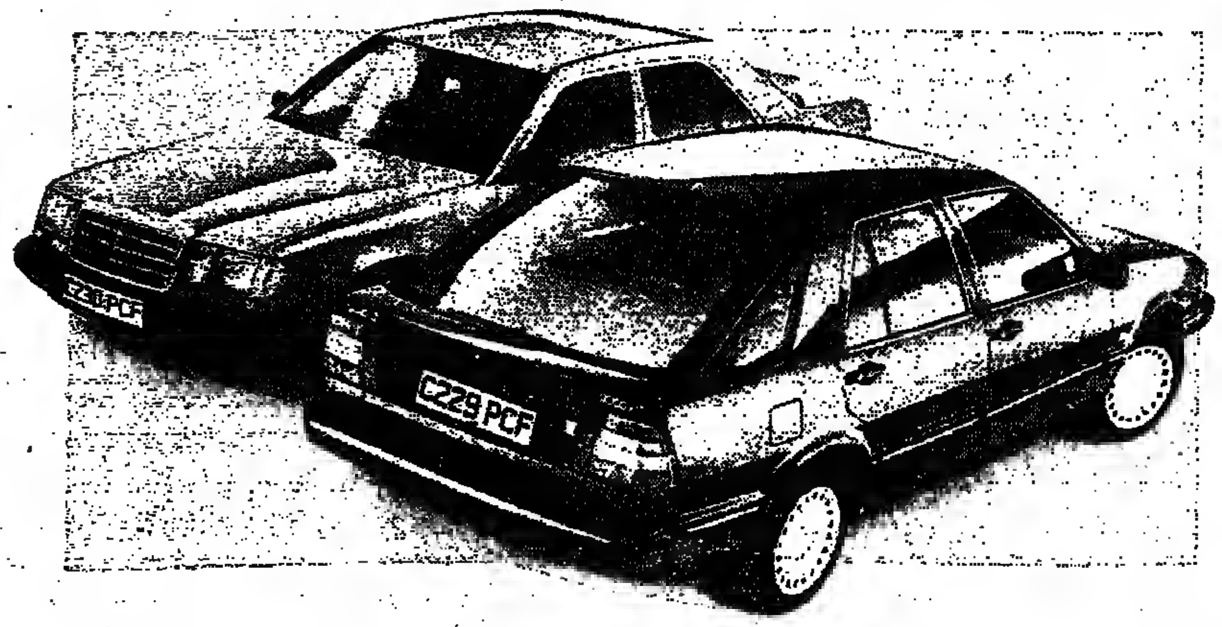
High praise indeed from such a respected journal.

Best Use of Ergonomics.

Here the competition for the Saab 9000i is particularly stiff – the Saab Viggen – the jet aircraft on which the 9000i's controls, instruments and dashboard layout are based.

But there again, the Viggen is outside your price bracket by roughly £7,000,000.

The Saab 9000i for £11,995. For more information and/or a test drive contact Saab on (0272) 217177.



SAAB
9000i 16

*QUOTES TAKEN FROM 9000 TURBO 16 TEST – 9000i 16 SIMILAR SPECIFICATION. †MANUFACTURER'S FIGURES. ‡WHAT CAR? FIGURES. §DOT FIGURES (FIGURES CORRECT AT TIME OF GOING TO PRESS). MODEL FEATURED SAAB 9000i WITH OPTIONAL METALLIC PAINT PRICE £12,[illegible] THE PRICE QUOTED (CORRECT AT TIME OF GOING TO PRESS) INCLUDES FRONT AND REAR SEAT BELTS, CAR TAX AND VAT, BUT EXCLUDES DELIVERY, ROAD TAX, AND NUMBER PLATES. # DOT FUEL CONSUMPTION TESTS 9000i16. URBAN CYCLE 23.9 MPG, CONSTANT 56 MPH 47.9 MPG, CONSTANT 75 MPH [illegible] MPG. EXPORT ENQUIRIES [illegible]

WORLD TRADE NEWS

Canada in drive to end investment doubts

BY FRANK GRAY

CANADIAN Government and busines leaders are leading a nationally-directed drive to end the lingering doubts about nationalist investment policies that prevailed in the first half of this decade.

Their target is to overcome the negative effects of the now-defunct Foreign Investment Review Agency (Fira), abolished by the Government of Mr Brian Mulroney shortly after his election in late 1984. Fira has been replaced by the Investment Canada Act which provides for far less scrutiny of prospective investment from abroad.

The new Act exempts from examination all new investment and raisea tbe scrutiny thresbold for foreign takeover activity. Only in the area of cultural affairs, such as the media will foreign involvement continue to be so closely watched.

The long-term effects of Fira have been bard to allay and ihia has prompted visits to Europe, the US and Asia by senior ministers in recent months seeking to explain the new, more encouraging investment climate.

One Canadian High Commission official said in London recently: "What we have found is eitber that people bere are not yet sufficiently aware that the environment bas changed, or that there is scepticism about a long-term change."

Mr Paul Labbé, President of Investment Canada, a government investment promotion agency recently told a London seminar that Fira had required proof from foreign interests that they were prepared to make a "significant investment" in Canada.

Mr Labbé pointed out that in 1984 some 800 investment proposals required examination and approvals could not be granted without Cabinet decision. Under the new Act, only 8 per cent of these proposals wonld have needed sucb scrutiny, and Cabinet approval is no longer needed.

Evidence that the investment climate in Canada is beginning to change was shown by tbe fact that Britain, Canada's largest European investor, ploughed C$1bn (£483m) worth of investment into Canada last year, compared with just C$290m in 1984.

Similar optimistic messages have been delivered to European andiencea in recent months by Mr Michael Wilson, the Finance Minister and, last month, by Mr James Kelleher, the Trade Minister. At the recent aeminar, a wide range of Canadian businessmen and government representatives also painted an optimistic, pro-investment picture.

Mr J. K. Gray, President of Canadian Hunter Exploration, praised the Government's decision to unwind the Canadian energy programme of the Trudeau years.

Like Fira, this programme was considered excessively nationalistic and interventionist, focusing too strenuously on Canadian ownership of energy resources. Restrictions have since been removed from the export of oil and, in large part, natural gas, and a petroleum and gas revenue tax of 12 per cent has been removed for all new wells. By 1988 the tax will bave been removed for all production.

Mr Gray claimed that the prospect of discovery resulting from an exploratory well is 2.5 timea as good in Caoada as in the US on the basis of experieoce between 1975 and 1983. "Over that period, 56 of every 100 exploratory wella in Canada became producers, whereas in the US just 22 out of 100 went into production."

Despite current uncertainties over the price of crude, representatives at the seminar expressed confidence that prices would stabilise and then rise again, making return on investment in the energy sector attractive by 1988.

Mr Sinclair Stevens, the Regional Industrial Expansion Minister, called attention to the fall in the inflation rate—now down to less than 4 per cent on an annual basis — the levelling of wage demands, and the fall in tbe value of the Canadian dollar against the US dollar. These developmeots meant that car production costs in the US were now US$23 per bour per worker compared with US$15 in the Canadian motor industry.

Canadian federal and provincial authorities acknowledge, bowever, that they face increased competition from the US and otber countries in the region to attract foreign iovestment.

Wbile Canadian provincial representatives have decades of experience in tbe UK and Europe, they admit to baving been taken aback by the efforts of US states, offering access to the same high-density population centres of the Eastern seaboard that feature in Canadian promotions.

The possibility of a free-trade zone between Canada and the US, under active discussion between the two couotries, now looms in importance in Canada's foreign investment misisons.

While such an arrangement would take years to formulate and is always subject to domestic political pressures, Canadian authorities point out that some 80 per cent of Canadian goods entering the US already do so free of tariffs.

They add that most tariffs are 5 per cent or less. Given Canada's lower wages, and weaker dollar, foreign investora are encouraged to think of the total North American market of 265m people, rather than just the Canadian market of 25m.

In emphasising the need for more investment, the Ottawa Government is loosening its traditionally tight rein on immigration for the rest of the decade. It is also anxious to attract what it calls "entrepreneurial immigrants," who have wealth they waot to invest in Canada.

Tbe Government seeks investment from potential immigrants of up to C$500,000 in tecbnology-intensive buisinesses or participation of at least C$250,000 in general investmeot foundations to be administered by leading Canadian banks.

It is estimated that C$30m in investment funds entered Canada from the UK in the last year under the programme, and that 65 businessmen qualified for immigrant status under tbe scheme.

Mr Michael Wilson . . . optimistic message

HK looks to W. Germany for high-growth exports

BY DAVID DODWELL IN HONG KONG

THE YEAR of the Tiger is to be a year of export-led growth in Hong Kong, according to Sir John Bremridge, the territory's Financial Secretary.

Among all the major export markets, West Germany is expected to offer the greatest growth potential, with a forecast improvement of 18 per cent.

The prediction is causing concern—as has the forecast of 16 per cent growth in exports to the notoriously difficult Japanese market, and of a 10 per cent improvement in sales to the US.

The US is Hong Kong's most important market and protectionist lobbies there are mounting increasing pressure on President Ronald Reagan's Administration.

Exporters to West Germany, and economic analysts in the West German consulate in Hong Kong nevertheless agree that an export rally in line with Sir John's forecast can be achieved, but for reasons that will give little ground for comfort to the territory's government.

West German traders say the boost will come not from any success in promoting Hong Kong products, or any improvement in the quality of export goods. On both of these counts, they say, Hong Kong is making little headway.

Instead, it will come almost wholly from a fall in value of the Hong Kong dollar. In one year, the Hong Kong dollar has slumped in value by 32 per cent against the D-Mark — from HK$2.30 for each German unit on March 30 last year, to just under HK$3.50 now.

They predict that for the foreseeable future, Hong Kong's export performance will move at the whim of exchange rate factors—hardly comforting in a territory where exports are central to the economy.

The improvement, if it materialises, follows steep falls in exports to West Germany in 1985. Domestic exports amounted to HK$8bn last year, down 16 per cent on the 1984 figure of HK$9.5bn. Growth of 18 per cent this year would, therefore, do little more than recover the ground lost last year.

It is questionable whether such volatility is desirable in Hong Kong's fourth largest export market, which accounted for 6 per cent of domestic exports last year.

Last year's setback occurred in the demand for textiles and garments, which traditionally account for three-fifths of the territory's exports to West Germany. These slumped by 18 per cent between 1984 and 1985.

One West German trading company said a saturation point had been reached and even those looking to buy from Hong Kong were finding items too expensive.

As the Hong Kong dollar has weakened against the D-mark, buyers are returning, but some outlets will never be regained.

In notable contrast, West Germany remains the world's largest textile and garment exporter, with sales last year of $10.2bn (£7.2bn).

While Hong Kong is Germany's second most important source of imports in Asia, after Japan and its third most important Asian export market, after Japan and China, in global terms it is not of great significance.

In 1985, Hong Kong ranked 38th among West Germany's export markets, and 22nd among its suppliers.

West Germany's exports to Hong Kong rose by 21 per cent in 1985, to HK$6.67bn, narrowing Hong Kong's visible trade surplus to HK$1.3bn from HK$4bn in 1984. Exports of machinery rose by 32 per cent to almost HK$2.6bn.

UK shares in Bangladesh bridge survey contract

BY JOHN ELLIOTT IN NEW DELHI

A CONSORTIUM of British and Dutch consultants is to carry out ao economic survey costing $1m (£714m) for a 12-km multi-purpose bridge to be built across Bangladesh's Jamuna River at a total estimated cost of $800m.

The bridge will provide a major link between two sides of the country which is split by numerous waterways. The main river is tbe Brahmaputra, called the Jamuna for part of its passage throogh Bangladesh.

Rendel Palmer and Tritton of the UK is leading the consortium which also includes Nedeco, a group of Dutch consultants. It was awarded the work by the World Bank in competition with consultants from the US and Canada, Australia, and Denmark, as welt as a second group from the UK consisting of Freeman Fox Binnies, and Halcrow Fox.

Rendel were the consulting engineers and designers of tbe Thames barrage in the UK. They expect to complete their work on the Jamuna by the end of this year, assessing traffic and four possible locations.

They tben hope tbeir consortium will be appointed to carry out the next stage of the design work. The Government wants construction to begio in the middle of 1988.

President Ershad of Bangladesh is believed to be committed to the project and the Government has started raising funds by levying a wide-ranging Jamuna bridge tax. Foreign exchange will be provided by loans from the World Bank, Saudi Arabia, and elsewhere.

The Brahmaputra River has one of the biggest flows of water in the world and this, plus heavy silting, will cause construction problems.

Bangladesb does not have any natural aggregates needed to make concrete wbicb, together witb the site problems, may mean tbat large-scale sections are prefabricated abroad.

Tougb competition is expected for the construction contract at a time when South Korean, Japanese and Chinese companies have been winning major orders of this nature in Soutb Asia.

Granada Group buys STC computer business

BY RAYMOND SNODDY

THE GRANADA Group has made its biggest move so far into the computer business with the purchase of Computer Field Maintenance from STC for £26m in cash.

The acquisition is part of a Granada strategy to build up a significant presence in business services to add to its television rental and production, leisure and consumer businesses.

"Our intention is to build business services to the point where it is a very important contributor to group profits," Mr Derek Lewis, Granada group finance director said yesterday. Computer Field Maintenance, which employs 450 people and had a pre-tax profit of £1.5m last year on a turnover of £12.5m, is a leading supplier of third party maintenance for computers.

The third party computer maintenance market in the UK is estimated to be worth about £90m a year and accounts for under 10 per cent of the total. The remainder is held by computer manufacturers maintaining their own equipment.

Third party market in the UK has been growing at a real rate of 40 per cent a year since 1980, Granada believes. STC, the troubled telecommunications and computer company said yesterday that the sale was part of its strategy of selling off "non-core" businesses and that the money had been used to reduce borrowings.

The talks on the sale began before the unwelcome takeover bid for Granada by the Rank Organisation, now at least temporary withdrawn, and were not effected by it.

STC acquired Computer Field Maintenance in 1983 as part of its purchase of International Aeradio from British Airways. Apart from the renting of televisions and video recorders to corporate customers Granada's main push into business services has come from its Business Centres.

Eleven of the Business Centres have now been set up to retail micro-computers and software to business customers. Turnover is expected to reach £15m this year, although the business is still running at a loss because of start-up costs.

Granada plans to use Computer Field Maintenance to develop the European market for third-party maintenance

Chase Manhattan joins home mortgage market

BY DAVID LASCELLES

CHASE MANHATTAN, the US's third largest bank, is to enter the UK house mortgage market. The bank said yesterday that it would be committing "several hundred million pounds" to home loans.

The bank's mortgage rate, starting from today, will be 12.25 per cent, an annual percentage rate of 13.1 per cent – placing it at the centre of the current mortgage price range.

Chase pledges to give an answer in principle to a mortgage application within 48 hours. Requests will be processed by Mortgage Systems, a company based in southern England which specialises in handling mortgage applications on behalf of banks. The loans will be marketed through brokers and three insurance companies, Legal and General, Sun Life and Royal Life.

Mr Alan Guyatt, manager of Chase's UK home loans division, said that the move into the mortgage market was part of Chase's desire to build up more of a consumer banking business in the UK, where it had previously concentrated on wholesale and corporate banking.

Chase's entry is the latest by a series of foreign banks which have been attracted to UK home loans by good returns and the soundness of the assets.

Television staff win £3m bonus

Financial Times Reporter

THAMES TELEVISION, the largest independent television company, is to pay its staff a total bonus of £3m this year after a transformation in profitability.

The bonus of 10 per cent of salary will go to all members of staff who have completed one year with the company – a number approaching 2,000. The amount is the largest bonus in cash terms to be given out by the company.

Mr Richard Dunn, managing director of Thames, hopes the staff will convert the bonus into share options for a flotation of the company provisionally set for the end of June. The intention is that the staff should be offered about 10 per cent of the shares in the company when an expected 49 per cent of Thames is offered to the market.

The shareholding is expected to be valued at around £30m. Mr Dunn told staff yesterday that unaudited results show that Thames made a pre-tax profit of £14m in the financial year to March 31 on turnover of about £170m.

The record profits amount to a transformation from 1984-85 when Thames incurred pre-tax losses of £4.6m on its domestic television operations and profits of £8.7m depended on a £13.6m contribution from international programme sales.

Teachers' union seeks merger

By David Brindle

THE NATIONAL Union of Teachers (NUT) is to seek merger talks with the National Association of Schoolmasters/Union of Women Teachers to create a dominant teaching union with about 340,000 members.

The merger idea, supported overwhelmingly yesterday by the NUT conference at Blackpool, raises the prospect of an end to the long-term rivalries which have often soured relations between the two unions and have, on occasion, handed the advantage to the Government and employers.

NEW CHAIRMAN DEFENDS NUCLEAR INDUSTRY'S SAFETY RECORD

BNFL seeks to counter criticism

BY DAVID FISHLOCK, SCIENCE EDITOR

MR Christopher Harding yesterday became part-time chairman of British Nuclear Fuels (BNFL) with a mission to counter criticism of the industry – in a week when the Greenpeace environmental pressure group is promising a series of offshore demonstrations against the Sellafield nuclear reprocessing plant in Cumbria, north-west England.

"We have been expecting the public to adjust to us. Now we recognise we must adjust to the public," he says.

Mr Harding, who joined the BNFL board part-time in 1984 – his first contact with the nuclear industry – has just toured its factories talking to many of its 15,500 employees. "The message that came across was, what was I, as their new chairman, going to do."

Local union officials at Sellafield told him bluntly how much they resented criticisms by the House of Commons select committee report last month. The MPs had interviewed the factory's opponents but had ignored its own unions, they claimed.

BNFL's employees want a robust response from the new management to what they see as unwarranted and ill-informed criticism of the safety record of the state-owned nuclear fuel services group.

The past three months have convinced Mr Harding that BNFL is a misunderstood and maligned company. "We have to get across the fact that we are a safe business. We have no business unless we are a safe business."

Mr Harding, 46, succeeds Mr Con Allday, chairman and chief executive since 1983. The Government has been obliged to pay considerably more for his services than it is accustomed to paying its nuclear industry executives. He receives £85,000 for a three-day week, compared with the £65,000 Mr Allday was paid for doing two jobs. But Mr Harding, a professional manager, has no doubt thet the company's problems will occupy him fully for the next six months.

He was introduced to BNFL early in 1984 by the Department of Energy, eager to bring new blood to the board of its troubled company. After a spell with ICI, Mr Harding has been running a family haulage company since 1974. Since 1979 he has been a part-time director of the Hanson Trust, whose skills "lie in managing companies." But his own involvement, both with ICI and Hanson, has been on the operational side, not at the centre.

He admits he was influential in the choice of Mr Neville Chamberlain, also aged 46 but 23 years with the company, as his chief executive at £50,000 a year. At the time Mr Chamberlain was not even on the BNFL board.

Mr Harding and Mr Chamberlain spearhead a new management structure composed of managing directors with specific responsibilities for each business sector. Dr Bill Wilkinson will be deputy chief executive and responsible for the biggest sector, spent fuel management services, worth about half of BNFL's annual sales of £800m.

India and UK differ over Sikh extradition

BY JOHN ELLIOTT IN NEW DELHI

INDIA and Britain have failed after two days of ministerial talks in New Delhi to agree on a common approach to the problem of Sikh extremists operating in the UK. Both countries want to introduce different measures on the extradition of suspected criminals connected with growing violence in the Punjab.

The Indian Government meanwhile tried yesterday to increase its own authority on the Sikhs' Akali Dal state government in the Punjab when it appointed a new governor, Mr Sidhartha Shankar Ray, a former chief minister of West Bengal whose experience includes tackling the problem of left-wing Naxalite extremists.

In New Delhi, shops and other businesses were shut down by a day of protests and strikes called by opposition politicians to protest against the Punjab killings.

The Punjab governorship was changed after being held for only four months by Mr Shankar Dayal Sharma.

Ministers believe that there is still popular support for last autumn's peace accord which could be harnessed behind tough action against extremists by the Punjab government.

Indian ministers believe that financial and other support provided by extremist Sikhs resident in countries such as the UK makes the task of making the peace accord work more difficult.

Sir Geoffrey Howe, Foreign Secretary, who led the British side in talks in New Delhi, stressed last night that "there is no safe haven in my country for those who act to destabilise others by violence or intimidation."

Sharp differences of perception, however, remain between the two countries despite Sir Geoffrey's assurances.

Sir Geoffrey met Mr Rajiv Gandhi, Prime Minister, yesterday and repeated offers spelt out on Monday to amend existing British legislation on the extradition of political extremists engaging in criminal activities.

But he stressed at the end of the talks last night that he did not agree with India about the need for a completely new extradition treaty because it would cover subjects already dealt with by existing legislation for Commonwealth countries.

It could take some years to prepare and pass through parliament, far longer than was needed to implement the measures he had proposed.

He also implicitly warned India not to expect the UK to change the principles of its laws when he said that Britain could "not begin surrendering to other countries people who have done nothing but express an opinion."

Men and Matters, Page 18

Geevor Tin suspends mining operations

BY STEFAN WAGSTYL

GEEVOR Tin Mines, the only independent tin mining company in Cornwall, south-west England, is suspending operations and laying off most of its 358 workers in the wake of the international tin crisis.

It will retain about 50 people to keep the shutdown mine and treatment plants in working order for at least this month, while it continues to press the Government for cash help.

Mr Ken Gilbert, the managing director, denied last night that the suspension was designed to put pressure on the Government. "It was the right and prudent thing to do. Otherwise we would go bankrupt."

He added: "I can't believe that this Government would behave so disgracefully as to turn its back on the Cornish mining industry."

Geevor first appealed for government help soon after the International Tin Council, which ran an inter-government price support pact, defaulted on £900m debts to banks and metal brokers last October. The company says it cannot survive unaided with tin now trading between £3,600 and £3,800 a tonne, compared with £8,500 a tonne before the council's default.

The company said yesterday that losses from maintaining full production were running at the insupportable level of £350,000 a month.

The suspension of operations starts on Monday.

Tariff gap widens in radiophone market

RACAL is to follow British Telecom (BT) in raising charges to use the new cellular radiophone service in London, but it is not putting up its subscription charges, writes Jason Crisp.

This means that there will be significant tariff differences between the two networks – Racal Vodafone and Cellnet – for the first time since they came into operation in January 1985. Cellnet's fixed charges for the first year use of £468 are now 34 per cent higher than Vodafone's £350.

Racal's decision to limit its increases follows a recent improvement in its market share. It had 46 per cent of the 58,500 cellular radio users in the UK by the Easter weekend compared with the 40 per cent share it had for much of last year.

□ DOVER, the cross-Channel port, said passenger and car traffic showed a sharp increase in the first two months of this year with freight business also increasing.

Passenger numbers rose 26 per cent to 1.06m, with cars and motor cycles up 43 per cent to nearly 170,000 compared with January and February last year. The port handled a record 14m passengers in the 12 months to February this year.

□ WEETABIX, the UK breakfast cereals manufacturer, has bought a small Californian food distribution company to give it more outlets in the US, especially for health food products.

It said the addition of Barbara's Bakery, based in Novato and with annual turnover of about $6.5m (£4.4m), would complement the activities of the two Weetabix plants in North America.

□ THE £200m terminal Four at Heathrow Airport, London, and its £23m extension to the London Underground, was opened by the Prince and Princess of Wales yesterday. The terminal becomes operational for passengers on April 12. It will handle 8m passengers a year.

□ GUINNESS PEAT, the merchant bank, is concluding a deal to acquire Henderson Crosthwaite, the medium-sized London-based stockbroker. An announcement is expected today.

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UK NEWS

Bids invited for three satellite TV channels

BY RAYMOND SNODDY

THE Independent Broadcasting Authority (IBA) will today advertise the contract for three television channels to be broadcast direct from space to dish aerials on individual homes.

Applications for a 15-year franchise for Britain's direct broadcasting by satellite (DBS) project bave to be made to the IBA by August 29. The plan is to award the cootract by the end of this year.

The IBA bopes that a British DBS service can begin by 1990. A single contract is on offer to provide all three channels, although the IBA is emphasising that there should be a variety of programming between the channels. Those wbo want to bid for fewer than three channels will be asked to indicate what forms of co-operation they envisage with other contractors.

The channels can be funded by advertising, subscriptioo or a mixture of the two.

Separate contracts are being advertised for the provision of DBS teletext services, although potential television programme contractors are not excluded.

At one stage the Government was thinking of a 13-year franchise. But the IBA bas persuaded the Home Office that a 15-year franchise is necessary to repay the enormous initial capital outlay, which is unlikely to be less than £200m.

The emphasis on "new technologies" indicates that the IBA wants prospective contractors to use the C-MAC transmissioo standard developed by the IBA.

The standard was accepted by the European Broadcasting Union, but both France and West Germany, which are due to launch DBS satellites later this year, are expected to use a different standard, D2-MAC.

Unionists urged to resume UK talks

BY HUGH CARNEGY

UNIONIST Easter parades continued in the province yesterday as Mr Tom King, Northern Ireland Secretary, urged loyalist leaders to resume talks with Mrs Margaret Thatcher, Prime Minister.

Unlike the scene at Portadown, County Armagh, on Monday wben 77 people were injured in violence during a loyalist parade, yesterday's demonstrations passed peacefully.

Late oo Monday nigbt police chased and arrested two men, shooting and wounding one, after two attacks on the homes of policemen io Lurgan and Belfast. Loyalist petrol bombers also attacked a number of Catholic bomes and properties in several areas.

Mr King repeated the assertioo that there was clear evideoce that paramilitaries intended using arms against the security forces during the banned march oo Monday, and he said the violence then was ludicrous and mindless. "I think it did great harm to the province and great discredit to decent Unionists." Unionist leaders should take up the Prime Minister's offer to resume talks

Loyalists oppose the recent Anglo-Irish agreement which gives Dublin a say in the affairs of the province. Mr James Molyneaux and the Rev Ian Paisley, leaders of the two main Unionist parties, have yet to reply to a letter from Mrs Thatcher offering more discussions.

Many in Mr Molyneaux's Official Unionist Party would like to take op the offer, but events over Easter have reinforced their worries that any talks of compromise would now be rejected in Northern Ireland.

Commoo hatred of the agreement is belping to maintain the alliance betweeo the parties. Both sides have attacked Sir John Hermon, chief constable of the Royal Ulster Constabulary for allowing Republican marches on Easter Day to proceed.

Charles Batchelor examines the growing workload of the Takeover Panel

Tougher time for the City watchdog

FROM HIS office on the 20th floor of the Stock Exchange tower in the City of London Mr John Walker-Haworth, director general of the Takeover Panel, has a commanding view of the City and beyond.

This elevated position may give him a fine vantage point from which to oversee the takeover scene, but it is also a position remarkably exposed to counter-attack.

The howl of anguish which went up last week in response to the panel's announcement of tough curbs on takeover advertisements is the latest example of the storms which have buffeted the organisation in recent months.

This time it was criticised by the advertising profession, a number of City commentators and one or two of the most aggressive bid protagonists for going beyond its brief.

More generally the rapid escalation in the value and intensity of takeover bids has brought the panel's approach into question. It has no legal powers and has been criticised for not taking a tough enough line; companies have increasingly been going over the head of the panel and taking their disputes to the courts.

"Businessmen want to know the rules," commented one merchant banker. "They say they cannot make multi-million pound decisions if there are grey areas in the system."

The panel's brief is to ensure that all shareholders are treated equally in the frenzied atmosphere of a takeover bid and, that "good business standards are observed."

In practice, the panel attempts to see that the rules contained in the 140-pages of the code are followed. They lay down the timetable for bids, the documents which must be sent to shareholders and the conditions for making profit forecasts and asset valuations. It usually works behind the scenes, however, advising the contenders on what they can and cannot do.

In the 18 years since its creation, it has functioned as a self-regulatory body. Its decisions rely for their authority on the City's consensus view of what is acceptable, and not on statute.

It rejected links with the soon-to-be established Securities and Investments Board (SIB), which will have statutory powers to regulate much of the City. It argued that its unofficial status gave it a flexibility and speed which would be lacking in a legally-constituted organisation.

It consists of an executive, which takes day-to-day decisions, and a confusingly-named "full panel," which acts as a court of appeal, but does not include the executive.

The figures for cases handled by the panel show steady rather than spectacular growth. But the number of contested bids, and the readiness of bid parties and their advisers to turn to the panel over apparently trivial matters, is on the increase. The panel is at present handling no fewer than 30 bids, 15 of them contested.

Mr Walker-Haworth is a barrister by training. He has just begun the usual two-year period of office on secondment from S.G. Warburg, the merchant bank. He is backed up on the executive by two permanent deputy director generals and a team of between six and eight assistant secretaries.

The assistant secretaries, like the director-general, are on two-year secondments from their employers and come from accountancy, and broking firms, clearing and merchant banks, the Bank of England and the Department of Trade and Industry.

The full panel, headed by Sir Jasper Hollom, a former deputy governor of the Bank of England, comprises a dozen representatives of the main city organisations. They include the banks, the unit and investment trusts, the pensions funds and the insurers. More and more bids are being taken to the full panel on appeal. It is here, in the view of some merchant bankers, that problems arise.

"On paper the full panel looks good," said one. "But they are figureheads. Most of them don't have a clue about what is going on." Some critics of the British takeover code hanker for a US-style system of far-reaching legislation enforced by the equivalent of the US Securities and Exchange Commission.

US takeover campaigns are frequently rougher than their counterparts in Britain. There is no requirement in the US that all shareholders be treated equally, and "poison pill" tactics, whereby a company deliberately tries to make itself unattractive to a bidder, are common.

Mr Stanislas Yassukovich, chairman of Merrill Lynch Europe comments, "It is paradoxical that while the US securities markets as a whole are more regulated by statute, takeovers are less regulated than in Britain. Much more is left to market forces."

Ironically the US authorities have been looking at takeover practice in the UK to see if elements of it could be applied on their side of the Atlantic. One area which is tightly controlled in the US is, appropriately enough, advertising. "Some of the recent British advertisements would be quite unacceptable," says Yassukovich. "Ads in the US are dry and formalistic."

Mr Walker-Haworth says that one argument against giving the panel statutory powers is that this might make it less effective. Critics point to the recent decision to make insider trading an offence with legal sanctions. The tougher standards of evidence required by a court has meant that fewer actions have been started than when the stock exchange policed insider trading under its own more informal rules.

Some merchant bankers feel, however, that the panel itself is encouraging a slide towards statute by its own penchant for drawing up increasingly complex rules.

"They should stop looking at subparagraphs in the rule book and start looking at general principles," said one banker. "The rule book is getting longer and longer and becoming quasi-legal."

TAKEOVER PANEL ACTIVITY

	79/80	80/81	81/82	82/83	83/84	84/85	85/86
Published takeover proposals considered*	142	147	147	121	163	202	200‡
Other proposals involving detailed discussions†	157	159	160	136	152	154	155‡
Totals	299	306	307	257	315	356	355‡

*Year ends March 31. * Includes bids and schemes of arrangement. ‡ Estimates. † Cases which did not lead to published proposals and transactions involving controlling blocks of shares.*
Source: Takeover Panel annual reports.

ILG and Ramada cancel hotel venture

BY FIONA THOMPSON

INTERNATIONAL Leisure Group (ILG), owner of Intasun, the UK's second largest tour operator, and Ramada, the US hotels group, have agreed to cancel their £100m joint venture to acquire and manage hotels in the UK.

The agreement, signed last May, has been declared null and void due to non-performance.

Two companies were set up under the deal between ILG and Ramada, the world's third largest hotel chain. There was an investment company to develop hotels – eight to 10 were planned over four years – and a hotel management company to run them.

In the 11 months since the agreement was signed, neither company has been called into operation.

Mr Robert Smart, ILG's development director, said yesterday that the decision to terminate the joint venture had been taken some time ago and a document severing it was signed in early February.

"We thought we would have invested up to £8m in common properties by this stage," he said.

ILG and Ramada considered putting ILG's three London properties – the Barbican City Hotel, the Grosvenor at Victoria Station and the Charing Cross Hotel – into the Ramada mould but decided that to do so would not maximise the potential of the hotels.

Mr Dan Moscyztz, senior vice president of Ramada International, said: "The original objectives of the joint venture have proved unachievable in practice and we are now actively pursuing our penetration of the UK market independently."

Ramada would be announcing details of a further UK property within the next two weeks, he said.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Manufacturing

Reaping benefits 'Just in time'

Walter Ellis reports on a radical approach to production which can considerably cut costs

"JUST IN TIME" may still sound to most people more like an exclamation following a last-minute escape from the jaws of fate than a breakthrough in production management. But an increasing number of Western companies can testify to the merits of this Japanese approach to increasing manufacturing efficiency while holding down overheads.

In Europe, *Just In Time* (JIT) is already operated by Renault, Volkswagen, Bosch, Ford and IBM, among others. UK practitioners include Rolls-Royce, Cummins Engines and Babcock International. The first-ever Just In Time conference in the UK is to be held in London this month.

The theory of JIT is beguilingly simple. A company organises its production so that its raw materials are delivered within hours rather than weeks of their being used and with products being made only as they are required for customers. Thus, stocks, with their heavy costs, wither away and business uses less capital.

According to Ingersoll Engineers, a business consultancy and joint organiser of the London conference, JIT began in Japan as early as the 1930s as a method of rationalising the relationship between high volume manufacturers and their suppliers.

Japanese managers had briefly tried following the Western concept of building for stock but had soon become awash with unsold production. To them, bulging warehouses represented wasted money. They therefore set about producing only for immediate demand, turning their supplies of raw materials into finished products and selling them on to customers virtually without interruption. Staffing was reduced, production was smooth and accounting did not have to place a value on assets festering on shelves.

For years, the practice was largely disregarded by Western competitors, which tended to ascribe Japan's commercial success solely to hard work, pliant trade unions and a knack for cashing in on a good idea. Only in the past 10 years has the role played by JIT become apparent. US industry was the first to wake up, though British companies are now taking notice.

Two questions arise. If the chain linking suppliers, manufacturers and consumers is disrupted, will the intended smooth operation of the system not go awry? And will lack of stocks and a process geared to the batch-of-one concept not leave a manufacturer unable to meet sudden surges in demand?

Supporters of JIT believe that neither problem need arise. Suppliers, it is argued, have nothing to fear from reduced but more frequent deliveries. If the manufacturer thrives, so will its suppliers. Moreover, if the supplier itself introduces JIT principles, the chain is extended and supply and demand achieve an easy harmony. It all sounds very Japanese; the trick, evidently, is to approach it with the *same* flexibility of mind.

Coping with rising demand is not excluded either, though — on the assumption that JIT becomes a widespread practice — demand itself is supposed to rise steadily, without hiccups. Efficiency attainable with a single unit is not lost when the batch enlarges to 10. Supplies continue to be measured against the market demand and there are still no inventories of unsold goods.

Teething problems in the supply and batch-manufacturing areas are bound to occur. Advocates of JIT believe that these do not invalidate the system. The point stressed is that the more JIT becomes the norm, the greater are the gains all round.

In manufacturing, the most obvious application of JIT is in inventory control. Stocks held across the whole of British industry were valued at £41bn at the end of 1984, and the cost of carrying this huge volume of unused materials put at £10bn per year.

A convert to the JIT principle in the UK is Rolls-Royce which recently opened a workshop in Derby for the production of compressor and turbine discs used in jet engines. The new facility, known as AIMS (Advanced Integrated Manufacturing System), is organised along JIT lines. Rolls expects to make considerable savings as a result and even hopes to be in a position where it can bill its customers before paying its suppliers.

Before it began to rationalise disc production, Rolls was seriously worried by the scale of its inventories. Finished parts worth millions of pounds were simply sitting around waiting for an order to justify their cost. Moreover, in the manufacturing process itself, nine parts were queuing while a tenth was machined.

Today, computerisation and the organisation of machines in production "cells," together with the rapid internal movement of parts by automatically guided vehicles, have completed a revolution in disc production. Two thousand tools have been replaced by 100. Machine setting and production lead-times have been reduced dramatically and inventories are already a thing of the past. Now units are built only as required.

The effect of such a change in techniques of production inevitably has its impact on suppliers. Bob Callahan, Ingersoll's president, maintains that relationships between suppliers, manufacturers and customers are often at odds with each other. He argues that if JIT is established throughout the length of a production chain, there is much greater integration of processes and accounting and each participant benefits from knowing exactly what the other wants.

Cummins Engines appears already to have solved the problem with suppliers. Its new JIT-based plant in Darlington, north Yorkshire, which produces truck engines, maintains stocks of parts sufficient for two days only. Suppliers deliver straight to the assembly track and are happy to turn up two or three times a week with fresh components. Inventories have been reduced to a minimum.

Alistair Hunter, director of manufacturing services, gives part of the credit for this smooth arrangement to Nissan of Japan, which has established its nearby UK plant, in Washington, on classic JIT lines. "They have beaten suppliers over the head round here," he says. "It doesn't come as a surprise to suppliers any more."

In Scotland, Cummins is to spend £8m over the next 18 months building a new line for the production of engine connecting rods. Traditionally, con-rods have been made on a highly specialised basis, with separate assembly lines dedicated to each size of rod. Now, under JIT principles, continuous production can be achieved for any rod with centres measuring between 8 ins and 18 ins.

Callahan believes that the banks would be hard-hit by a widespread acceptance of JIT. "Every vendor," he says, "with the exception of the provider of raw materials, has his own suppliers. The chain is long and the banks are heavily involved, taking their 18 per cent at every stage."

Peter Dempsey, chief executive of Ingersoll, agrees: "Banks can't live on the lethargy of traditional manufacturing managements any longer by lending money to buy inventory. Take away inventory and you change the capital structure of industry and the role of the banking community."

Babcock International, the engineering and construction group, agrees that its investment and acquisition programme will be greatly assisted by JIT. The company is preparing major changes in its British operations to bring it into line with JIT principles, believing, according to John Vernon, manager of corporate planning, that the working capital released will give it "a lot of leverage" currently not available.

But Babcock is taking advantage of JIT on the sales front too. It is providing an automated warehouse for IBM in Greenock, aimed at reducing stock, and, together with its Italian subsidiary, Fata, is doing a "huge amount" of JIT-based work for General Motors in the US.

Factory design

How investment repaid itself

Nick Garnett reports on a Thorn EMI cooker plant

AN ASSEMBLY area carpeted in tasteful beige and vacuumed every night, quiet electrically operated power tools, high pressure sodium lighting for the *feeling* of daylight, and air in even the cleanest sections of the factory changed every two hours.

Thorn EMI's bright and spacious cooker manufacturing plant at Spennymoor, in Durham, a £7.5m conversion of a 25-year-old building, also houses up-to-date computer controlled conveyors and efficient work flow systems designed to achieve lower unit costs.

A mixture of modern hardware and the softer psychology of potted plants, open plan cafeteria and that beige carpet — the factory raises a fundamental question about manufacturing. How much are labour attitudes and commitment to quality (and not just output) related to overall factory design? In Thorn's experience money spent on re-equipping is more than repaid in improved product quality.

To make the point Thorn says the incidence of first time quality is 10 times greater in the new plant than in its dismal, antiquated and hopelessly unsuitable predecessor on the same site. This has been achieved with no changes in labour practices except greater attention to quality inspection by each individual.

The question applies to British manufacturing as a whole where investment in plant has been historically low and where poorly lit, uneven floored, dirty and ill-equipped factories are still too common.

Certainly Thorn EMI's domestic appliance plants were shamefully neglected by the old Thorn company. Some have lumbered on in tatty undercapitalised fashion after the merger with EMI in 1979. A slump in Thorn EMI's share of the UK market for electric cookers from 40 to 22 per cent in the past six years has been a big enough spur for the company to try and fight back.

"The old Thorn company was a mean company. Most of the sites I'm ashamed of and I'm taking steps to change them," says Ivor Owen, director for the appliances and lighting group. "You cannot expect people to be concerned about quality if they work in scruffy surroundings. It's contradictory."

Revitalised plants whet the collective union appetite for better working conditions. Shop stewards very pleased with the plant since it came on stream last year, want the division to follow up by tackling the refrigerator factory at Spennymoor. A proposal to do that is being put to the Thorn EMI board. The lighting equipment plant is not up to date either.

The old cooker plant at Spennymoor where there is still a residue of cooker making was a dingy pre-war ammunitions factory in which equipment had to be built around roof supports. The new plant, for which Leeds architects the Duncan Biggin partnership was allowed a relatively free hand, belongs to a different generation.

The Tricity, Kenwood and Moffat products roll out of an assembly area festooned on one side with hundreds of plants. The cafeteria is on an open gallery above the production floor. Though there are two tea breaks through the day shop-floor workers are in theory entitled to go into the cafeteria for a cuppa at any time if the line leaders can provide cover.

Aggravation

The carpet was laid, says the company, because it is a cost effective surface with a ten year guarantee and good sound deadening characteristics. No smoking, food or transistors are permitted in the assembly area and the plant designers had a pathological desire to remove forklift trucks as a source of "aggravation" and a destroyer of expensively finished factory floors.

Processing, like heat treatment, is separated from assembly by a see-through glass screen, helping to break down divisions within the plant. Assembly workers can also see into the offices of the plant's white collar staff. There are no signs extolling quality, another seemingly hated tool. "No slogans: I object to them," says Jack Harness, director and general manager of the company's major domestic appliance business. "I think they are insulting." Line workers who earn an average £136 a week, including an incentive bonus of about a quarter of the total, must keep up with a seemingly quick though union-agreed line speed.

Harness says the plant, which has a modest capacity of less than 6,000 cookers a week with 400 people on one shift, shows the value of hiring a behavioural scientist even though it was just for a day. She pointed to a serious deficiency in a consultants' report on how the plant should be redesigned. That report made no reference to the needs of the people who would work in it. It was also discovered that day-to-day contact between line workers and forklift drivers ferrying materials around the site provided opportunities for breaks valued by the line workers. Partly in order to continue those breaks line workers now do their own line feeding from roller carousels.

"We are coming out of the dark ages," says Walter Barron, the Amalgamated Union of Engineering Workers convenor. Nevertheless, the union is seeking changes in the bonus system and the company is also looking at reducing the seven grades of worker on the shop floor. Few labour changes were packaged in with the plant and hardware changes.

The division uses a system for logging the quality performance of suppliers and has introduced new ranges in the past four years. But no matter what the improvements in manufacturing, it must still contend with the way traditional selling of cookers has been ripped apart. The growth in the sale of flat-pack kitchen units from outlets like MFI, and of made-up kitchens from builders and kitchen specialists with the cooker built in, together with the decline of sales from Electricity Board offices (which in the mid-1970s accounted for 85 per cent of sales) seriously hit domestic appliance makers.

Thorn was also slower than another UK producer, the TI subsidiary Creda, in moving into metric measurement to meet this challenge from cheap and expensive built-in imports. With products now developed for the built-in market (which accounts for almost 40 per cent of cooker sales in the UK) Thorn EMI says its 7 per cent share of this sector is now rising. No matter how good or bad its manufacturing the right product for the right market is still an essential ingredient for a company's success.

TECHNOLOGY

Radio that calls its own tune

Raymond Snoddy on how radio sets are about to undergo a radical technological change

THE HUMBLE radio set may be about to undergo a technological transformation. The days of knobs and buttons, and twiddling to find the channel you want may be numbered.

A new generation of "intelligent" radio sets controlled by touch sensitive displays which can automatically interrupt music to bring drivers a traffic flash from a different channel or relay news deadlines on a 64 character visual display is likely for the 1990s.

The BBC took a significant step towards helping to create a "much smarter" radio last week when it announced it was launching a Radio Data System (RDS) in the autumn of 1987.

The service involves adding an inaudible digital signal to VHF-FM transmissions which will issue instructions to specially designed radio receivers.

Austria, Finland, West Germany, Holland, Italy and Sweden are all at various stages of developing RDS operations.

The potential of a European-wide market for the new generation of "intelligent" radio sets exists because RDS is already agreed as a European Broadcasting Union (EBU) standard and is seen as a basis for a world standard.

The creation of RDS is a rare example of successful European co-operation on producing a single workable standard.

"It really has to be recorded as a truly European invention," says Dr Bob Ely, chairman of the EBU specialist group now dealing with RDS, and a senior BBC research engineer.

The BBC's RDS service will be available from all its VHF-FM transmitters in England for both local and network radio and will later be extended to the rest of the UK.

The basic service, which will begin in September 1987, will make it easier for listeners—particularly in cars—to find the station of their choice. A short code uniquely identifies a particular channel and always selects the strongest signal, avoiding the need for retuning on motorway journeys for instance.

The basic service will also:

● Display the name of the station being listened to.

● Broadcast a clock time which is always correct—automatically adjusting for summer and winter time.

● Monitor information on broadcasts on other channels to allow instant retuning to other stations in time for such things as a traffic announcement.

Mr Richard Francis, managing director of BBC Radio, commenting on the new service says: "RDS is an important technical development and a real breakthrough for the listener, providing fully automatic tuning for anyone who has *difficulty in finding* or identifying a station, and it will always give them the best possible signal."

The BBC has been in touch with all the major radio set manufacturers and hopes that the announcement of the launch of a service next year will stimulate them into producing the necessary equipment.

The BBC believes sets would cost between 10 per cent and 15 per cent more current sets, although this would fall in mass production.

Philips, the Dutch based consumer electronics multinational, says it is interested in the new market and is already at work on an RDS set. The company plans to launch the set early in 1988 although it warns that to begin with the additional cost could be between £25 and £30.

Sony is another major radio manufacturer which is looking seriously at the potential of RDS.

Working RDS systems were produced as early as 1976 and at one stage there were eight competing systems in Europe. It has taken almost a decade of painstaking development and negotiation to produce a single standard that was acceptable and compatible to all.

Swedish research was influential and the BBC made significant contributions on coding and formatting but no one nation can claim RDS as its invention.

"This is the first system where we have *really* worked together across international boundaries," Dr Ely comments.

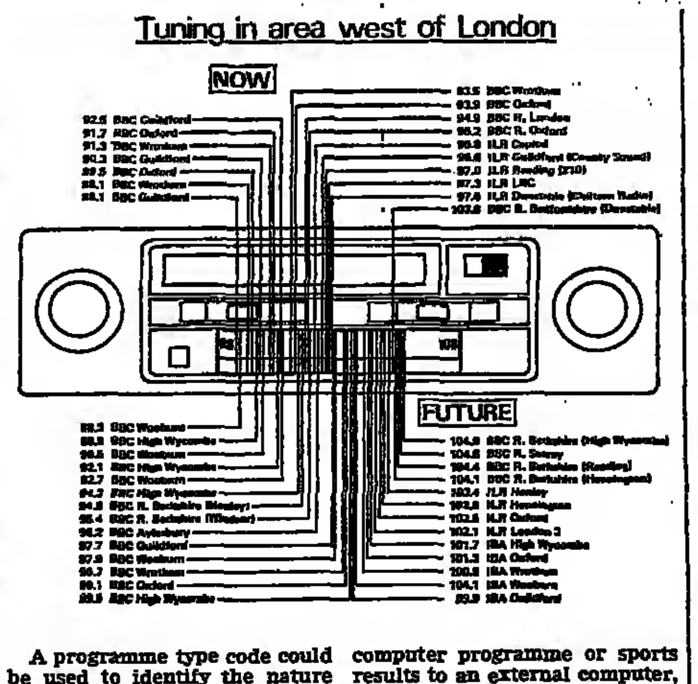
Market research carried out by the BBC on RDS showed widespread interest from the public on all various RDS capabilities but the highest response of all was among car radio listeners to descriptions of automatic tuning adjustments and traffic news features.

Many people said they would be prepared to pay between £15 and £25 more for an RDS set.

The capital cost of generating the additional digital information on the broadcast signal is low but provision of more sophisticated services at a later stage—such as visual display news flashes—would be more expensive. Editorial staff would then be required to write and update the news, rather in the manner of teletext.

Apart from use of visual text display for news flashes, phone-in numbers and even advertisements, a wide range of services are possible once the basic RDS *service is established.*

Tuning in area west of London



A programme type code could be used to identify the nature of a programme being broadcast so that the set could be commanded to seek out any one of 32 pre-determined programme types — such as serious music, drama or sport.

Another code could indicate whether speech or music was being broadcast so that the receiver could have two separate volume controls to enable the listener to achieve his own sound balance.

The system could also provide a limited capacity data-channel (like telex) which would be able *to transmit* a computer programme or sports results to an external computer, printer or visual display unit.

Even before the BBC launches RDS another revolutionary development for radio seems likely.

West Germany is seriously considering giving up one of the four television channels on its high power direct broadcasting satellite, due to be launched this August, to provide 16 *channels of digital stereo* radio.

Such broadcasts could be received in much of southern England on dish aerials only *44 cms in diameter.*

Security put down on paper

By Bernard Simon in Toronto

NEWSLETTER publishers, defence contractors and makers of medical prescription pads are among those showing interest in a copy-proof security paper developed by a small Toronto-based company, Nocopi International.

Impregnated with a dye supplied by the West German chemicals group Bayer, the rust-coloured paper produces blackened photocopies which are impossible to read — at least with the naked eye.

The dye enhances the paper's reflectiveness, thus bouncing back an image too strong for printed letters to be "read" by a photocopier's electronic eye.

Nocopi president Mr Norman Gardner sees a big demand for the paper from businesses, government departments and professionals who want to prevent unauthorised circulation of sensitive documents, or simply to inconvenience copycats.

For instance, publishers of "private" newsletters often complain that subscribers copy their high-priced products to hand out to friends or business associates.

Among Nocopi's customers is a Detroit personnel recruit*ment agency which* uses the paper for details of job applicants sent to its clients. A large oil company has bought Nocopi paper for some of its contracts, and the US Government is also a big customer.

According to Mr Gardner, the first two 25-ton batches of Nocopi paper, made by Hammermill Paper Company, of Erie, Pennsylvania, are sold out, mainly to US customers. Distributors have been appointed in the US, Canada and Britain.

Nocopi's publicity material cautions that "certain operating techniques of some copying machines may permit reproduction of readable copies." But Mr Gardner says that the highest of Nocopi's four grades "is one hundred per cent secure. It doesn't photocopy on any copier that *we're aware of today.*"

Looking to the future, there seems little point in reputable photocopier makers trying to design machines that can circumvent security paper.

Nocopi paper retails at five US cents a sheet for small orders and 2.5-3 cents a sheet in bulk, roughly double the cost of normal fine papers.

Driverless fork-lifts in store

DRIVERLESS fork-lift trucks with intelligence have been introduced by Lancer Boss of Leighton Buzzard in the UK.

Guided by floor-buried wires, the WD Automatic is for narrow aisle work in warehouses. It has an onboard computer which communicates with and interrogates another computer in the factory stores area, using either infra-red or radio communications.

The truck computer checks the *validity* of the instructions it gets from stores, refers to a "map" in its memory and then directs the vehicle by the shortest route to its delivery destination. More on *0525 372031.*

VIDEO TAPES taken abroad for presentations may well be the right *format* (VHS, Beta, 8 mm) but often turn out not to match the TV standards of the country visited.

WORTH WATCHING

EDITED BY GEOFF CHARLISH

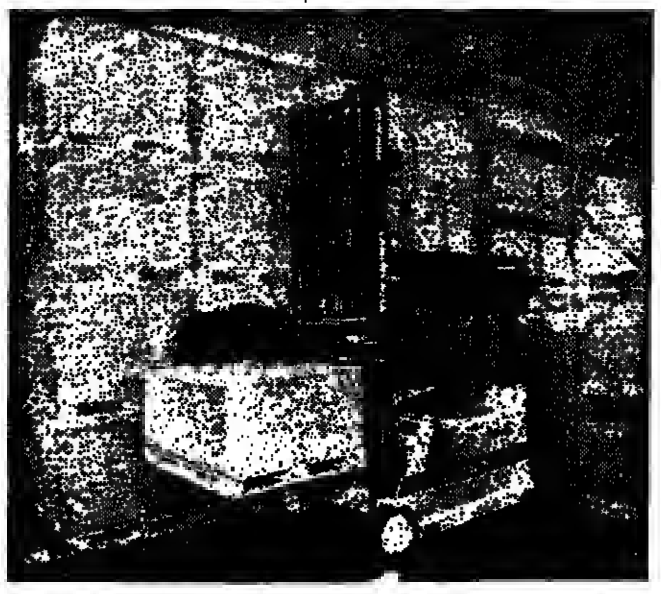
So Video Action Services of Southfields, London (01-870 5558) is offering same-day service in converting the TV standards to those of the country being visited, using a digital standards converter.

MICRO TO mainframe interconnection was found to be the main subject of interest when a survey was conducted *recently by the* UK National Computing Centre. The NCC also found that although 70 per cent of large corporate users had some form of micro to mainframe link, this was often a far cry from implementing a practical, usable system.

To help, NCC has introduced a £45 handbook, "Interconnecting Applications" that provides a full review of the many options available. More from the NCC in Manchester on 061 228 6333.

TRANSISTORS THAT will work at temperatures over 300 deg C have been developed at the Electrotechnical Laboratory of the Ministry of Trade and Industry in Japan.

Carbonised silicon is the basic material used and several designs of field effect transistor (FET) have been successfully tested. Most silicon transistors currently in use can withstand temperatures of only 150 deg C. Commercialisation would allow electronic systems to be developed that would be able to work much nearer to heat sources in industry.



Top of the driverless forklift truck range from Lancer Boss. With an onboard computer, the trucks can choose the shortest and most efficient route around a warehouse.

Video telephones from the US

VIDEO TELEPHONING came a little closer last week. Two US companies, Widcom of Campbell, California, and PicTel Corporation of Peabody, Massachusetts, revealed telephone instruments with a 12-inch colour screen that will plug into a phone line *working on digital services* now being introduced in the US and Europe.

In the US, AT & T is introducing such a service, called Accunet Switched 56, in which 56,000 bits per second (56 kb/s) digital transmission is available from telephone to telephone. (Similar services are planned in Europe at 64 *kb/s*; British Telecom for example will cover 190 UK *locations* by late 1987.)

Television transmissions normally needs over a *million* bits per second unless the picture data is "compressed" first, and the two US companies (together with others in Europe such as GEC and BT) has developed compres*sion systems called* "codecs" that allow 56 or 64 kb/s to be used.

Previously, special circuits or satellites have been needed and rooms had to be devoted to video conferencing within a company. Now it is claimed that a desk-to-desk video call can be made in the US at only twice the cost of a normal phone call.

But installation is expensive. PicTel's system costs \$150,000 for a codec and five video phones; Widcom charges \$56,000 and \$17,500 for each phone.

TWO REFRIGERATOR factories in Egypt are to be equipped by *Danish* company A Gramkow, which initially specialised in automatic refrigerant charging but now offers automation systems for the refrigeration and air-conditioning industries. Production capacity of each line in Egypt will be 600,000 units a year. Gramkow is in Sønderborg on 04 433636.

PRODUCTION TIME for large cylindrical glass fibre reinforced tanks has been cut by up to two-thirds using the Venus automatic chop hoop winder from CT (London) of Guildford, UK. (0483 502020.)

The machine applies polyester resin and glass fibre reinforcement *to* the basic thermoplastic shell from a special nozzle and dispenser as the tank is spun on its axis at a controlled rate. Tanks up to 16 *ft* in diameter and 40 ft high are being made with the machine at Forbes Plastics in Kelso, Scotland.

Television/Christopher Dunkley

The baby is not yet accepted as legitimate

Much television is unworthy of serious critical attention. There is no *reason* why this page should devote any more space to game shows and soap operas than to pulp paperbacks or Woolworth's pictures. Such material already receives minute examination from the mass media studies industry which has developed so phenomenally in the past 30 years since, say, publication of Richard Hoggart's Uses of Literacy.

On the other hand there is a quite remarkable amount of television in Britain which does deserve critical appreciation: far more than in many other countries, and of a standard which makes television today one of the most—if not *the* most—important of our cultural repositories. Yet the television people themselves appear to be either unaware of this or loth to admit the fact. It seems that this new medium is being run by people raised in the old ones—literature, *cinema*, theatre—and incapable of accepting the legitimacy of their own baby.

For those of us outside the business who are willing to declare, however unfashionably, a high regard for television's achievements, it is deeply frustrating to observe such an extraordinary lack of pride within the industry itself.

The thought is prompted by a series of three programmes called *British Cinema: Personal View* produced for Thames TV by Kevin Brownlow and David Gill, who previously brought us *The Unknown Chaplin, Hollywood* and, most notably, the Thames Silents which, starting with Gance's *Napoleon*, have given a new life and standing to silent movies. *British Cinema* was presented as a contribution to British Film Year and comprised the "personal views" of directors Alan Parker, Lindsay Anderson and Richard Attenborough. Parker took 90 minutes and the others an hour each.

Now I have nothing against television being used as a medium for analysing, criticising or praising cinema. The most valuable, and indeed educational, periods of my schooldays were spent in the Hampstead Everyman and the Baker Street Classic. I have never fallen out of love with the movies even though I have to hate most cinemas, cinema managers, and — sadly — cinemagoers, what with their cigarettes, their sweet wrappers, their ever louder conversations and, recently (incredibly) their babes in arms.

But what did these programmes amount to? Parker's had some wonderful touches, as in the sequence at the beginning when the *Treasure Island* soundtrack with cries of "Pieces of eight!" was laid over a panning shot inside a huge 1930s picture palace which was finally revealed to have been converted to a bingo club. Yet the programme lacked cohesion; it was not so much a view, more a series of darting glances, all too often concerned with getting back at people that Parker seemed to feel bad wronged him. There was, however, one consistant sensation; that of poignancy, of loss, of the passing of the great days.

The best of the three programmes was made by Lindsay Anderson who did offer a single view which he illustrated clearly and in some respects convincingly. His aim was to disprove David Puttnam's claim that "Film, for good or ill, is an American medium" and to show that British cinema did not start with Puttnam's *Chariots of Fire*.

This he did by tracing with a fascinating sequence of clips the connections between the British documentary films of the war years (for instance Jennings' *Fires Were Started*) and the British new wave of the 1960s (for instance Richardson's *Saturday Night And Sunday Morning*) linked as they were by the "Free Cinema" movement of which Anderson was himself a mainstay. Here again, however, was a sense of loss, of poignancy, of the passing of the great days.

Richard Attenborough's programme was fond and fragmentary and gave the impression that the British cinema industry had always been organised as a sort of cocktail party at which everybody knew everybody else so well that there was no need for surnames. "Alex really loved British movies . . ." Attenborough would say, referring, presumably, to Sir Alexander Korda. In the end Attenborough's beliefs seemed remarkably similar to Anderson's: that British film makers are at their best when they stick to the tradition of realism which came to the fore in World War II. But here, yet again, there was a clear sense of nostalgic poignancy.

If this were a cinema column various arguments could now be developed about the series: it was disappointingly brief, it had only about one-and-a-half points of view between the three directors, and among the most underplayed elements was the sense of cinema as spectacle: the vital D. W. Griffith/Steven Spielberg factor. But since this is a television column there are two rather different major points to be made.

First, although there were references to *Cathy Come Home* (which is 20 years old) it scarcely seems to have occurred to these three cinema stalwarts that the great British tradition of documentary realism, far from being dead, has gone from strength to strength. The only change is that almost everybody who has anything to say has moved into television—and illustrations of this could hardly have been closer to hand. There they were, raving on about the strengths and wonders of the British cinema industry, and where were they doing it? On television, naturally. Where else?

So far as the documentary tradition itself is concerned, the links between the works of the wartime units, "Free Cinema", and today's television documentaries such as Paul Watson's *Fishing Party* or last week's *Brass Tacks* programme about the NHS made in an Oxford hospital, or Saturday's repeat of David Pearson's award-winning *40 Minutes* programme "Whose House Is It Anyway?" can scarcely be mistaken. Thanks to the regularity of such work presented within such series as *World In Action, Panorama, TV Eye, 40 Minutes, Weekend World* and *Brass Tacks* I suspect people may not be able to see the wood for the trees.

And so far as the documentary-drama tradition is concerned — the tradition exemplified by Parker with *Hue And Cry*, by Anderson with *This Sporting Life* and by Attenborough with *The Way Ahead* all of which used real locations and dealt with ordinary people in an unromantic manner—it, too, is obviously thriving in television. From *Edge of Darkness* at one end of the spectrum to *Brookside* at the other it is precisely that tradition which is being followed: contemporary life, ordinary people, location shooting. The best episodes of *Minder* may not be as good as the best of the Ealing Comedies, but they are miles better than the worst, and very clearly from the same school.

All that being so, the question arises: why *is* there such heartache among cinema *auteurs* at the decline of the older industry and the expansion of the new? The answers could (and perhaps one day will) fill this entire column. I believe they include such matters as scale, the sheer size of the cinema screen; the sense of occasion gained from going out to a movie but so rarely gained from staying in with television; and above all the continuing life, and the growth of reputation, which a movie can achieve over months and even years in the cinema, something akin to the long-term life of a book on the shelf.

The second major point to be made is that while it is quite right for television to be mounting a serious trilogy such as this about cinema, it is absurd and appalling that there is no regular series—equally serious, equally analytical, equally well budgeted — about television itself. Of course, there is *Did You See?* on BBC-2 and it does excellent work, but with its brief to review the week's output, it can scarcely dip its toe into the wide and deep lake of subjects which deserve longer-term consideration: television violence, politics on television, television and children, television and terrorism, and so on.

It is bad enough that radio, which has regular series about books, music, magazines, cinema and many less popular subjects, has never had *a series devoted* to television which is the chief pastime of the majority of its listeners. But the lack of such a series on television itself is disgraceful. It can only be explained, surely, by that inability of the broadcasters to recognise the legitimacy of their own baby.

Carrying on the British tradition of documentary realism in drama: "What Now?" starting on Channel 4 tomorrow, is made on location in Liverpool and deals with the lives of unemployed teenagers on the loose

Intermezzo/Carnegie Hall, NYC

William Weaver

Concert performances of unfamiliar operas have long been a popular part of the New York musical scene. Lately an enterprising young impresario, Matthew Epstein, has taken to presenting coherent series of such performances: in past years, a "festival" of French *opéra comique*, a Handel and a Rossini series; and now, this year, he has scheduled a trio of relatively unfamiliar works by Richard Strauss.

The series opened some weeks ago with *Capriccio*, continued last week with *Intermezzo*, and will conclude next month with *Daphne*. Though these are concert performances they are to a certain extent staged. Thus, instead of seeing a line of singers in evening dress and white tie, the audience witnesses a production with some elements of scenery (tables, chairs) and costume (hats, shawls, which are changed from scene to scene), and with proper entrances and exits.

For *Intermezzo*, with its numerous scene-shifts, this is arguably the ideal staging: it gives a more then adequate idea of the action, but it does not arrest the easy flow of the discourse.

This chatty opera was, wisely, given in translation, the fluent English version of Andrew Porter, made for Glyndebourne in 1974. Andrew Porter was in charge also of the staging; equally fluent and cogent, pointing up details, leaving the spectator's imagination free to picture the settings.

The spectator—and Mr Porter—were lucky to have the peerless Elisabeth Söderström in the taxing, pivotal part of Christine, notoriously based on Strauss's wife (just as the part of the composer Storch is a self-portrait). In real life Strauss's friends often found the shrewish Frau Pauline a trial, but Strauss loved her and, in this opera (for which he was also the librettist) he draws an affectionate but not exculpating picture.

With a lesser interpreter, Strauss's Christine can appear simply hectoring and incoherent; but Söderström created an essentially warm and loving, if also silly and exasperating human being. There was also just a hint of self-mockery that helped redeem the character.

The opera belongs to the soprano, but Alan Titus, as Storch, was more than just a cipher. He lent positive, effective support to the star. The smaller roles were all adequately cast, among them the maid, Anna, was amusingly played by Melanie Helton.

Like *Capriccio*, perhaps even more so, *Intermezzo* is a conversational opera: there are no grand scenes for the singers, but on the other hand there are long, lush interludes for the orchestra. Not mere linking music, these are, in some cases, extended, richly developed pieces. Though he kept things moving, Julius Rudel, the conductor, failed to produce sufficiently sweet playing from the orchestra; he rarely lingered to savour the riches of the score.

In the Strauss canon *Intermezzo* probably does not rank very high. But even the minor works of a major composer are interesting, and this slight, domestic piece has an undeniable charm. It is exactly the sort of thing a festival should revive, and this semi-staging by Andrew Porter, an FT critic, is exactly the right way to present the work. A truly festive occasion.

Mayumi Itsuwa/Tokyo

Jurek Martin

It is one of the curiosities of the relationship between Japan and contemporary Western music that the Japanese make good jazz but lousy pop. The latter is interesting from a sociological standpoint because, as elsewhere, it attracts a huge following, helps set fashion and so on, but musically, it is dreadfully derivative and devoid of value.

However, there are few niches between jazz and pop that the Japanese have not explored, imitated and even refined. Last autumn, for example, the fine American bluegrass group, the Seldom Scene, gave a concert in Tokyo most noteworthy for the fact that when the band invited audience participation in its best-known number, "Fox on the Run," it received, to its amazement, the sound of 1,500 people responding with a passable imitation of four-part harmony that the hills of Kentucky could not (accents apart) have matched.

A similar seam of knowledge and performance applies to French chansons. There are a number of bars in Tokyo where Piaf lives and in Hiroshima there is a hole-in-the-wall called Rubicon where the two Kameoka sisters can make Japanese whisky taste like Pernod. But, as an entertainer with a national following, Mayumi Itsuwa stands alone.

She has been a feature of Japanese popular singing for more than a decade. After two years off for marriage and a child, she is back plying her distinctive art at her old haunt, the smallish and stylish Seibu Parco theatre in Shibuya, and, she promises, later in a string of concerts across Japan.

Her songs are a mélange of Japanese and French sentiment and melody (she lived in Paris for a while). They owe as much to lonely lovelorn walks off the beaches of the Inland Sea as to late-night Gauloises and coffee on the banks of the Seine. They are mostly in Japanese, but the best of them—"Koibito-yo," "Honto no koto ieba," "Furusareta Machi"—are comprehensible in any language. The women in her Japanese audience the other night were in floods of tears.

Above all, though, Mayumi Itsuwa can sing. The voice does not have extraordinary range, but she knows it and uses it superbly; never better than when she also accompanies herself at the piano. She keeps her physical movements to a bare, highly stylised minimum forcing her listeners simply to listen. It may not be high art, but, in the genre, it is exquisitely effective.

The only jarring note is her newly formed back-up band, which is deficient. She does not have to "tirer le pianiste" but hanging is too good for the drummer.

Central Ballet of China/NYC

David Vaughan

Classic ballet did not begin to establish itself in China until the middle of this century. The initial influence was mostly from the Soviet Union, though Ballet Rambert toured there in 1957 and Beryl Grey made guest appearances in 1964. Artistic development was brought to a standstill during the period of the so-called cultural revolution by the anathematisation of foreign influences, the requirement that ballet serve as an instrument of nationalist propaganda, and the banishment of many of the creative personnel of the Beijing Dance Academy and its Experimental Ballet Society. It was only in 1980 that the company was reconstituted as the Central Ballet of China, which has been making its first tour of the US.

As the first performances at Brooklyn Academy of Music showed, this is ballet at an earlier stage of evolution than in the west. Soviet influence is still strong, both in terms of technique and of ballet-making, though in the former there has been a significant infusion of British style. The company's co-founder and present artistic advisor, Dai Ailian, studied both ballet and modern dance in Britain in the 1930s; more recently, Ben Stevenson, the British director of the Houston Ballet, has taught the Beijing dancers and invited some of them as guests with his own company.

Swan Lake, Act II, was produced by Pyotr Gusev, the Soviet ballet-master whose association with the company goes back to the late 1950s (and who danced in early works by Balanchine). The dramatic content is reduced to the merest vestige — von Rothbart does not appear, and Odette does not go back to being a swan. Tang Min was somewhat impassive in that role, livelier in the *Don Quixote* pas de deux. Her partner in this number, Zhao Minhua, had given a beautiful account of the difficult adagio solo in Anton Dolin's *Variations for Four*, so that it was surprising to see less secure pirouettes in his *Don Quixote* variation. The large, beautifully open movement of Wang Yanping made her stand out as a leading swan, and ennobled Ben Stevenson's sentimental but effective *Three Preludes*.

There is of course ample historical precedent for the use of folk tales and dances as material for classic ballets, and excerpts were given from two pieces that draw upon such sources. *The New Year's Sacrifice*, choreographed by Jiang Zubui, has a serious theme, "the tragic lot of Chinese women in the old feudal society," somewhat melodramatically depicted — the heroine attempts suicide "by throwing herself against the corner of a table." The role was eloquently danced by Guo Peihui, with Wang Caijun as the sympathetic second husband, who finally wins her love.

The Maid of the Sea is reminiscent of *The Little Humpbacked Horse*, the first ballet on a Russian theme, produced by Arthur Saint-Léon in St Petersburg in 1864. In this case the hero is given magic assistance by seven little acrobatic male dancers who apparently represent the Spirit of Ginseng. As in Saint-Léon's ballet (and its soviet recensions), there is a lengthy undersea divertissement, with dancers representing seaweed, amber, coral, and fish. Three choreographers are credited, with Gusev as advisor, and the result does look like choreography by committee.

These spectaculer effects are presumably derived from traditional Chinese theatre. Classic ballet, on the other hand, is essentially a transplant, and it will take time for it to take root in Chinese life and culture. In the meantime, the dancers are charming in their sweet modesty, their evident devotion to their art, and their eagerness to please.

The Theatre Clwd production of Euripides' "Medea," reviewed favourably by Martin Hoyle last February, has transferred from North Wales to the Young Vic. Toby Robertson's production upsets comfortable preconceptions by casting the barbarian outsider as a white woman in black society. The mixture of exotic Afro-Caribbean and uniformed authoritarianism strikes a faintly Haitian note; and Eileen Atkins brings luminous intelligence to Medea the woman, if ultimately lacking the power for Medea the avenging sorceress

Country Music/Wembley Arena

Antony Thorncroft

Country music is in trouble—in trouble in the US where the fans are deserting the musicians and in the UK where the musicians are deserting the fans. At present there is an advertising campaign abroad which is attempting to create a new audience for country and wants to kill the idea that every country song is about a redneck truck driver, who lost a leg in Vietnam, crying into his bourbon in a honkytonk at 3 am in the morning because his wife has left him for his best friend's dog.

But judging by the crowd at this year's Silk Cut Festival at Wembley, the big event of the country year, proponents of the new socially relevant music have a hard task on their hands. Not that the old guard do not make an effort: there were plenty of stetsons and cowboy suits around, even a few uncocked Colt 45s and one solitary Indian, but this remarkably sedate middle-aged audience was subdued to the point of coma. Indeed the MC was moved to marvel during a long stage change at their stoic silence.

It took Johnny Cash to stir things up at the end of the three day bash. He really is an impressive performer; mighty of stature, with a voice which could reduce gravel to fine powder. The man in black with the silver girdle went straight into a prison song (which he has made his speciality following his own temporary incarceration, for rather rapidly stealing flowers from a garden), and the long trail out to Wembley seemed worthwhile.

To ensure we got the point a giant screen fell from the roof and scenes of chokey were shown. All the old favourites from his 30-year career followed rapidly, culminating with "Ghost riders from the sky." Things rather fell apart when wife June Carter joined *him* for "Jackson" and proceeded to cram the stage with other *members of that seminal* country family, but if anyone is going to convert people to country it is Cash, the man who has been doing just that for a generation.

Before him on stage was the new generation, in John Schneider. He is as overpowering in build; and he favoured a long overcoat above a blue fringe jacket. He has a similar knuckle crunching voice and comes from a TV hit, "The Dukes of Hazzard." But his material was stubbornly conservative—"I'm gonna leave you tomorrow" and "I'm afraid love's gone" are not the kind of thing approved of by the new realists.

The Silk Cut Festival should be a great occasion. The arena is ringed with stalls selling everything from the tacky to tacos, and for most of the audience it looks like their big day out. It would go with much more fizz if it could be switched to an open air venue on a summer's day: the arena must contribute to the crowd's lack of vim.

Still, George Jones did turn up on Saturday night. By being the bad boy of country he has acquired a tremendous reputation. He only stayed for four numbers, and left because he did not like the mike. But there was a return, and out came all those sad songs, culminating with "He stopped loving her today." It will obviously take an earthquake to cheer up country music.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Theatre

Mar 28-Apr 3

LONDON

Lend Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1592)

Rowan Atkinson (Shaftesbury): New revue starring rubber-limbed clown with a strong line in scatological satire and rude sketches, many of them reflecting British classroom tyrannies. (379 5399)

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1166).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

Les Misérables (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Cats team of Trevor Nunn, designer John Napier and lighting man David Hersey, Colm Wilkinson superb as Jean Valjean. A melodramatic distillation of Hugo, and none the worse for that. The French score is rousingly melodic, with serviceable new lyrics from Herbert Kretzmer. (437 6834)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

NETHERLANDS

Amsterdam, Bellevue Theatre. English Speaking Theatre of Amsterdam with Orton's Entertaining Mr Sloane directed by Grant Coburn. *(Fri, Sat)*.(24 72 48).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

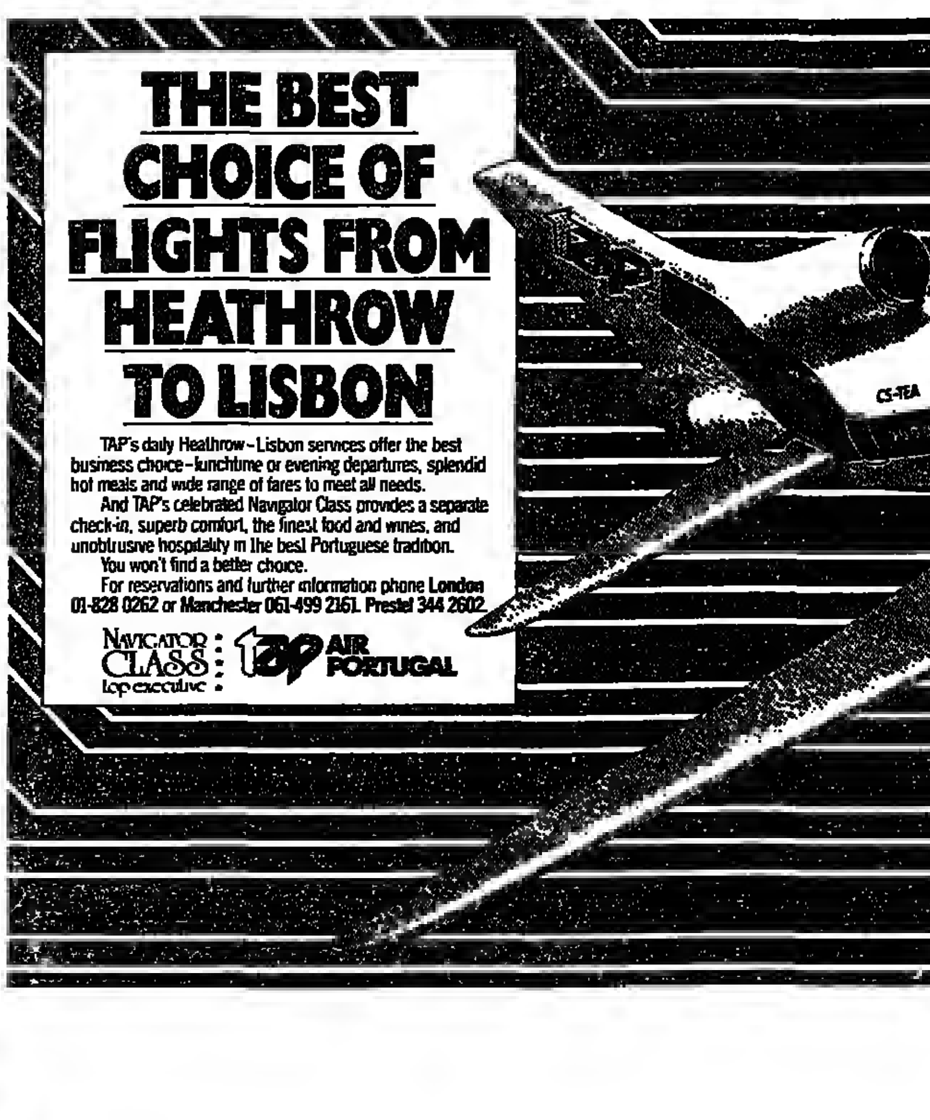
A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and *invigorating play* about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Philadelphia Story (Arena): Elinor Renfield, who last directed Peter Nichols's Passion Play here, takes on the Philip Barry American classic about a headstrong debutante whose society wedding draws the press to gawk. (488 3300).



FINANCIAL TIMES SURVEY

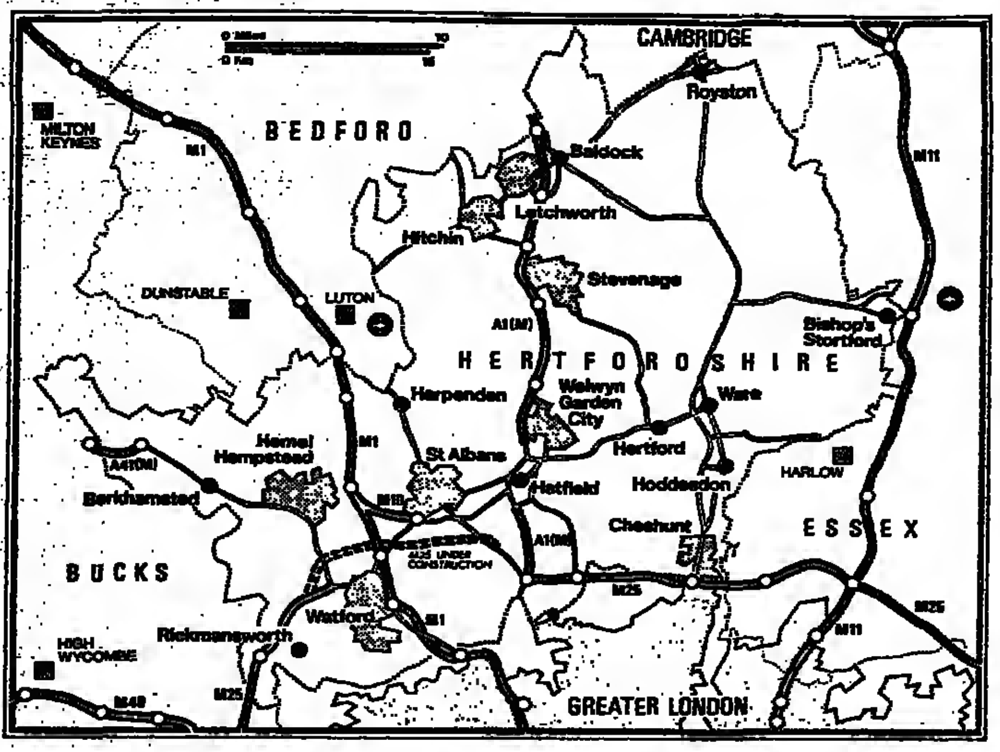
Wednesday April 2 1986

Hertfordshire

Hertfordshire has suffered less than most counties from the decline of traditional industries. Nevertheless it is taking steps to attract thriving sectors, like high-tech, to boost its prosperity

Holding on to its place in the sun

BY FIONA THOMPSON



HERTFORDSHIRE lies, geographically and probably in its own estimation, head and shoulders above London — a favoured county in terms of its situation on the map, its relative prosperity and its "green mantle" of countryside.

It might be easy for the county to settle into complacency, but it has been jerked out of any such mood by a substantial change to its traditional industrial base since the onset of the recession, and a resulting rise in long term unemployment, a problem which a recent moderate economic recovery has failed to solve.

The need to put new heart into Hertfordshire has been pushed to the forefront. The county has identified major targets for action—long term unemployment, the reoccupation of vacated property, labour shortages and the growth of new technology industry. These issues require attention "because they represent both wasted resources and bottlenecks to the future prosperity of the county," the county council's annual monitoring report says.

It is taking steps to attract and secure new industry particularly in the high technology sector. These include electronics, aerospace, research and development, instrument engineering, pharmaceuticals and computer services.

Inextricably tied to this is tha policy of bringing back to active life derelict sites, frequently large and sometimes eyesores, left by tha demise of traditional manufacturing companies. These are being recycled and revamped to suit the needs of the industries which Hertfordshire believes will be drawn in by the strategic advantages of siting their plants within its boundaries.

The other main thrust of its policy is to provide the qualified workforce to meet the staffing needs of these companies. The county has identified a skill shortage which demands attention.

Hertfordshire is a county of 1m people who enjoy attractive surroundings; live in a variety of handsome ancient market towns and in more functional new towns or garden city developments spread across the county; and who are never far from green belt land which has been jealously protected. Only recently has the county council relaxed its tight grip on tha green belt to allow, in certain circumstances, development.

It is an area with a comparatively high standard of living, even when judged against the relative wealth of surrounding counties in the favoured South East. At the last count, income levels in the region as a whole were 12 per cent above the national average, although the gap has been closing. Car ownership in the county was 20 per cent above the level of the entire South East which, in turn, was 8 per cent above the UK figure.

The reverse side of the coin is that Hertfordshire is an expensive place to live; house prices were reckoned to be about a fifth above the national average.

Last month's regional cost of living report placed Welwyn Garden City as the most costly place in the country to live, after London. Its position within easy commuting range of the capital, by high-speed train service or by the improved motorway links, contributes to property valoes in the area.

The assumed prosperity of the county's residents serves to disguise the problems of low-income groups, including the unemployed. It is an unfortunate chance that the Victorian building chosen to house St Albans social services department should be called Bleak House.

The number of claimants of unemployment benefit in the county rose in January to 31,068, to stand at 6.5 per cent—only slightly above half the national level of 12.9 per cent and well below the 10 per cent rate of the South East region as a whole. The most severely affected district is Stevenage, where 9.9 per cent were out of work in January. Watford and North Hertfordshire are the next most badly hit, with 7.6 and 7.5 per cent unemployed respectively. A third of those affected are long-term unemployed.

Letchworth, the original garden city founded in 1902 as the then revolutionary creation of social reformer Ebenezer Howard, faces a similar change in its industrial base with the loss of big companies such as Borg Warner and K & L Foundries. "We are moving from having a small number of big employers to having a greater number of small employers," says Mr Andrew Egerton Smith, chief executive of the Garden City Corporation.

Both towns have been pushing for new industry by redeveloping former industrial sites into business parks and creating a number of start-up units.

Their position contrasts somewhat with tha comparative boom enjoyed by towns in the west of the county especially Hemel Hempstead which is described by county planners as "clearly establishing a position of prominence in the favoured golden triangle west of the central London axis."

A number of major retail and office developments have been approved or are in the planning stages for both Hemel Hempstead and its bigger neighbour Watford.

Letchworth, Stevenage, Welwyn Garden City and Hatfield all lie on or close to the A1(M), the motorway on which the county is pinning its hopes to develop as a successor to the celebrated M4 high-tech corridor as a potential growth area for new job- and wealth-creating industry.

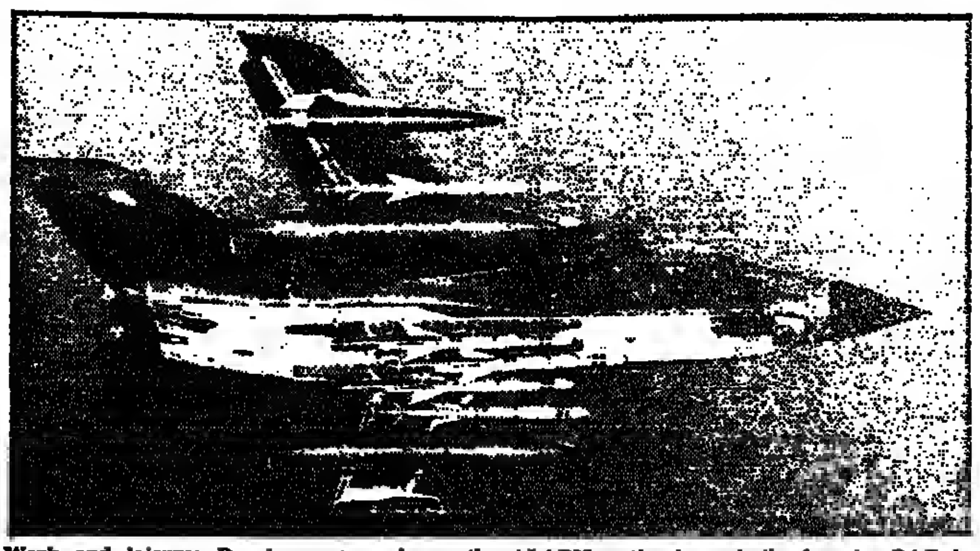
Crucial to the realisation of this ambition is the completion of London's M25 orbital motorway later this year, linking with the A1(M) and providing a rapid link with Heathrow Airport and the major road network serving the South East conurbation.

The development of the M25 has implications for six of the ten districts in Hertfordshire and is already encouraging the demand for industrial sites in Watford and Hemel Hempstead which have, according to the county's annual monitoring report, become "the favourite locations for high-tech development."

The A1(M) corridor towns are already well-served by road links to the Midlands and North and by good rail links; they also stand to benefit from the planned growth of Stansted Airport, where new terminal buildings are expected to be operational by early 1991 capable of handling 15m passengers a year.

Hertfordshire is left with the task of striking a balance between a desire to preserve its identity as an area of well-kept small towns in attractive countryside and the need to provide jobs.

Commuters working in London, living in their Hertfordshire dormitory towns, want the green belt to be protected and feel that restrictions should not be relaxed. The person out of a job for two years has an understandably different point of view—if a business park built on green belt land will provide jobs then it should be built. The county, in its policies and attitudes, is trying to reconcile both views.



Work and leisure: Development work on the ALARM anti-radar missile for the RAF is carried out at BAe's Hatfield works. Below: cruising is popular on the Grand Union Canal, near Hemel Hempstead.

Hertfordshire 2

Fiona Thompson examines how the county is tackling industrial regeneration

On the high-tech road

IN COMMON with other parts of Britain, Hertfordshire is working hard to attract new industry and jobs. It is comparatively well placed both strategically and in terms of tackling the problems it faces.

Many areas would regard its position as uncommonly favourable. On the face of it the county is typical of the relatively prosperous South East; it has a valuable portfolio of high-technology companies and its employment levels are good even by the standards of the region.

In January the county unemployment rate stood at 6.5 per cent, marginally up on the previous month's figure but steady over the year, compared with the 10 per cent level of the South East as a whole and 12.9 per cent nationally.

In the region, only Surrey was maintaining a lower rate of unemployment: 4.7 per cent; West Sussex was pegging at a level just a shade higher than Hertfordshire's.

There are, of course, variations within the county. The new town of Stevenage has the highest unemployment figure, approaching the regional mark, and there have been increasing job losses in North Herts and the Watford district.

In reality, Hertfordshire shares the national problems of declining traditional industries, redundant skills and discarded industrial sites. It is responding by seeking to bring in new companies, by restoring and recycling land to attract the next generation of employers and by attempting to provide a workforce equipped with much-needed new skills.

The decline and regeneration of industry in Watford illustrates the county's recent experience and its response. Until recently the printing industry was the largest single employer in that district. But over the last four years a total of 1,500 jobs have been shed by Mr Robert Maxwell's BPCC, following on the earlier loss of 1,000 jobs caused by the closure of the Croxley paper mill.

That 90-acre mill site is now being redeveloped as the Croxley Centre, designed to attract high-technology companies to a handsomely turned-out setting planned on the lines of an American-style business park.

The development, now under construction, is next door to the Watford Business Park, a more conventional industrial estate developed by the private sector in conjunction with Watford borough council. That site is dominated by Case, the data communications company which designs, manufactures and markets equipment for business information networks (the largest private data network in existence—that owned by Citibank — linking computer terminals in more than 55 countries, is based on Case equipment).

The county is concentrating on retaining and developing industries in the fields of pharmaceuticals, computers, aerospace and defence and electronics. Mr Geoffrey Steeley, the county planning officer, said: "Hertfordshire has the largest concentration of high-tech, high capital investment outside of London."

British Aerospace is a key contributor to Hertfordshire's prosperity, employing 14,000 people at four plants in the county: two in Hatfield and two in Stevenage.

Key contributor

Other major employers in the defence sector include Marconi Avionics and Marconi Instruments, at several locations in the county; Racal Acoustics and GEC Avionics; Hawker Siddeley Dynamics.

HMS Warrior, the Royal Navy's high-security command centre from which the Falklands Task Force fleet was directed, is also located in Hertfordshire.

The county's large-scale pharmaceutical companies include Glaxo, Roche, Smith Kline and French, and the Wellcome Foundation. A number of the country's leading computer companies are also based there, including Honeywell, ICL, Burroughs and GEC Computers.

Kodak has pulled out of Stevenage but its UK headquarters remains in an 18-storey block in the centre of Hemel Hempstead.

The county has well-established research and development centres, notably the Warren Spring (industrial research) Laboratory, the Water Research Station and the Furniture Industry Research Association, all in Stevenage.

Hertfordshire County Council has eased its planning restrictions to encourage the development of industry. The task of regenerating the county's industrial base is being studied by an economic development committee set up at the end of last year with the objects of bringing back to profitable use obsolete sites abandoned by now-departed industries; providing attractive new sites in countryside settings, particularly for research establishments; improving the infrastructure — including building access roads and dealing with derelict land—and assisting with the promotion of retraining schemes.

Four enterprise agencies have been created in the county, at Stevenage, Letchworth, Watford and St Albans, on the basis of partnership between local authority and industry and commerce in each area.

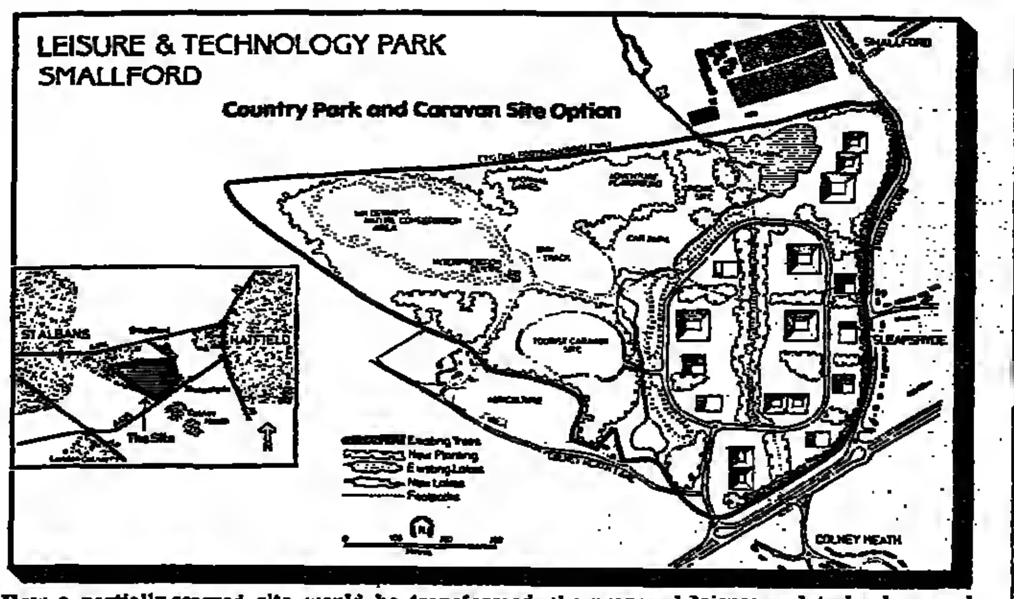
Despite its relatively low levels of unemployment, it is of concern to the county that roughly a third of the registered jobless are long-term unemployed—in spite of a significant increase in the number of notified vacancies.

This mismatch between the available jobs and the skills of the unemployed is one result of the change in the country's industrial base in the last four to five years. Research suggests certain skills are difficult to recruit for both traditional and new manufacturing industries.

The former, according to the county's annual monitoring report, reflects the fact that many people were forced to leave such industries because of the recession and have since retired or have found new employment and were not replaced by apprenticeship schemes.

The latter often reflects the national shortage of experienced and technically qualified people with computer skills.

Some initiatives on unemployment are being taken through the Manpower Services Commission. Under the community programme, aimed at those over 18, the county council can provide up to 130 jobs including rural and urban action projects.



How a partially-scarred site would be transformed: the proposed leisure and technology park near St Albans

Pressure on the green belt

Technology Parks

FIONA THOMPSON

THE green belt will have to be relaxed a notch if Hertfordshire is to plant, acorn-like, high technology industries in its landscape.

That is the belief of county planners who examined 40 possible sites for a technology park. The scheme would aim to attract industry and new jobs by providing workplaces in a park-like setting more closely resembling country estate than industrial estate.

Its potential users, the argument goes, are companies im miles removed—both in their methods and in their preferred choice of surroundings—from the age of dark, satanic mills.

Hertfordshire believes that it has previously lost their business because of its inability to provide the quality of location they seek. If the county wants them, then green belt incursion is believed to be inevitable.

The planners have plumped for a site which is already scarred and which would, in the process of development, be improved: Smallford Gravel Pit, a 150-acre triangle of land lying between St. Albans and Hatfield on the north side of the A405, which is already owned, virtually in its entirety, by the county council. It has been used for gravel extraction, rubbish dumping and, in part, as a brick works.

The plan is to use about a third of the area as a technology park, providing 70,000 square metres of floorspace in low-rise units which, it is estimated, would have the potential to provide up to 2,000 jobs over 10 years.

The remainder of the site would be developed for leisure and recreational use, including a protected nature reserve, with the options of creating a nine-hole golf course and other sports facilities; a country park and caravan site; hotel and related amenities or, possibly, an aerospace theme park, reflecting the county's links with that particular industry. Site restoration could cost over £300,000.

The county has its eyes on companies carrying out research, production, manufacture or assembly in the fields of telecommunications, electronics, biotechnology, instrumentation and other sunrise industries. Apart from the setting, it offers the advantages of good access to the motorway and trunk road network and the proximity of the Hatfield Polytechnic, with its 1,000 staff, and its experience of working closely with industry.

It has ties with aerospace, pharmaceuticals, information technology and motor industries.

The polytechnic, the only institute of higher education in the county, already runs Polyfield Services, which provides experienced quality assurance managers on a part-time basis to subscribing companies, and Hertis, a commercial and industrial information service.

The planning application for the Hertfordshire leisure and technology park was submitted to the county planning committee in January.

The placing of leisure before technology in that title is, perhaps, significant as the county seeks to introduce the development to—however ill-used—green belt land. Its draft consultation document says: "The proposal for an integrated leisure and technology park results on the one hand from growing needs to meet leisure requirements and to provide an attractive location for high technology development in Hertfordshire, and on the other to restore derelict and degraded land.

"It is envisaged that the development would be of the highest quality, with low density buildings and extensive landscaping."

It is thought that the decision on the application, expected in June, will recommend passing on the proposals to the Secretary of State for the Environment for his consideration because the scheme—with its use of green belt land—is such a major departure from previous planning policies.

A where-to-find-it service for big and small

Stevenage Initiative

FIONA THOMPSON

WHEN GARY LUSBY opened the doors of QA Electronics, his one-man electronic design and assembly specialist operation, in February 1983, his workshop measured 150 sq ft. He now has premises ten times that size and employs 16 people.

Mr Lusby was an employee himself for 26 years, helping to build up other people's companies. When he felt "it was necessary to have a go on my own," he first approached Stevenage Initiative, the enterprise agency funded jointly by Stevenage borough council and local industry and commerce.

SI was extremely helpful, according to Mr Lusby. "They provide a tremendous amount of information."

In Mr Lusby's case, the best piece of advice was on premises. SI recommended renting a workshop in the Business and Technology Centre, where SI itself is a tenant.

The centre has 100 units, ranging from 100 sq ft to 1,000 sq ft, aimed at small, and especially start-up, businesses. Each unit offers a workshop and an office and, crucial for beginners, easy in, easy out terms—you are not tied to a long lease.

The initial rental is for three months in advance and monthly thereafter. A licence fee paid each month covers rent, rates, heating, lighting, power, telephone installation, car parking and provides for reception and secretarial services.

Like Mr Lusby, a number of small business people have found that a distinct advantage of setting up at the centre is having SI "on tap."

Putting into practice its role as a partnership between local industry and the council, all four staff members have been seconded from the Stevenage business community, three from British Aerospace and one from Barclays Bank.

SI helps and provides advice to small business people, both existing and start-up, in a number of ways. It runs training courses and one-day small business workshops on subjects such as finance, premises, marketing; it advises and recommends on location of premises; it provides advice on corporate finance and law, banking and financial forecasts; and can lend cash from its £25,000 financial fund set up to provide seed capital for start-ups and businesses wanting to develop.

As a non profit making organisation, there are no charges for any of the services SI provides.

"We've had over 1,200 inquiries from individuals and companies since we set up three years ago," said Mr Dick Parkhouse, a Barclays Bank manager whose two-year secondment as financial adviser finishes at the end of next month. "We've become busier and busier each month."

It's not just small businesses that gain either. British Aerospace last year approached SI when it was looking for an alternative supplier of the tiny electric gyro motors used in missile gyroscopes. SI was asked to recommend local companies who might replace the Japanese supplier. Four companies were suggested, all made a pitch and Lamerholm Fleming, a communication electronics design and manufacturer, was given the order.

Gyro motors

"We started to provide British Aerospace just before Christmas last year," said Lamerholm managing director Mr Peter Kellett. "The order is worth £250,000 per annum and we hope and expect to be British Aerospace's sole source of gyro motors by next year."

SI reckons their new business success rate is better than the countrywide rate. Mr Fred Tippler, a British Aerospace engineer since 1954 and seconded to SI in 1982 as business advice centre manager, has seen "a host of others" as successful as Gary Lusby.

SI has advised on 137 start-ups since its launch of which 14, or 10 per cent have failed, said Mr Tippler. "The national average for new business failures is 25 per cent."

Gary Lusby left the business centre site and moved into his 1,500 sq ft premises last August.

BAe at the leading edge of technology

A LARGE segment of Britain's aerospace and defence effort is concentrated in Hertfordshire. More than 20,000 people are employed by the two industries in the county, 14,000 of them by British Aerospace and most of the rest by GEC-Marconi, Racal and Rolls-Royce.

While a number of other major employers, notably ICI Plastics, Kodak, Bowater and Platignum, have either closed down or contracted, the aerospace and defence remain buoyant, boasting expensive research and development and healthy order books.

To the county, they are a vital boon, not merely because they are large-scale job providers but, more importantly, because the work produced is at the leading edge of technology. The companies—nearly all based in or near the major urban centres—are felt to have an active future and are mainstays of their local economies. Accordingly, decisions can be made by planners based on reasonably safe assumptions of income.

In Stevenage, 7,000 people are employed by British Aerospace's army weapons division, and an extraordinary 80 per cent of these are reckoned to be either highly-skilled technicians or qualified engineers.

Training is what counts here, and 120 young people, from craft apprentices to undergraduates on sandwich courses are enrolled in company schemes each year. Some 450 trainees are on the rolls in Stevenage at any one time, and most can expect the closest thing to a "job for life" to be found in modern Britain.

Employees tend to stay with the company for 20 years and more, and middle and upper — but not top — management is frequently recruited from the ranks. Again, stability is the result.

BAe at Stevenage is engaged in a number of weapons projects. Rapier, the ground-to-air missile system that proved itself in the 1982 Falklands conflict; Swingfire, an anti-armour weapon; giroscopes for guidance systems and radomes (transparent covers for radar equipment) are all locally designed. Trigat, a third generation anti-tank missile, is now being developed jointly with MBB of West Germany and the French group Aerospatiale.

Hatfield is home to a large part of BAe's air weapons division. More than 2,500 workers are busy with the development and manufacture of Sea Eagle, Skyflash and Sea Skua—all air-launched weapons—while "Alarm," an advanced, long-range defence suppression anti-radar system will be available to the Royal Air Force soon.

The most familiar face of aerospace can also be seen in Hatfield, where 4,500 workers are employed in the civil aviation division, assembling the BAe 146 series short-haul airliner, wings for the Airbus and a range of business jets.

So far, 65 sales have been made, mostly in North America and China, and there is reason to expect many more as the aircraft's performance—especially its extreme quiet—become more widely known.

The group's space and communications division, with 1,800 workers in Stevenage, designs and builds a variety of civil and military communications satellites.

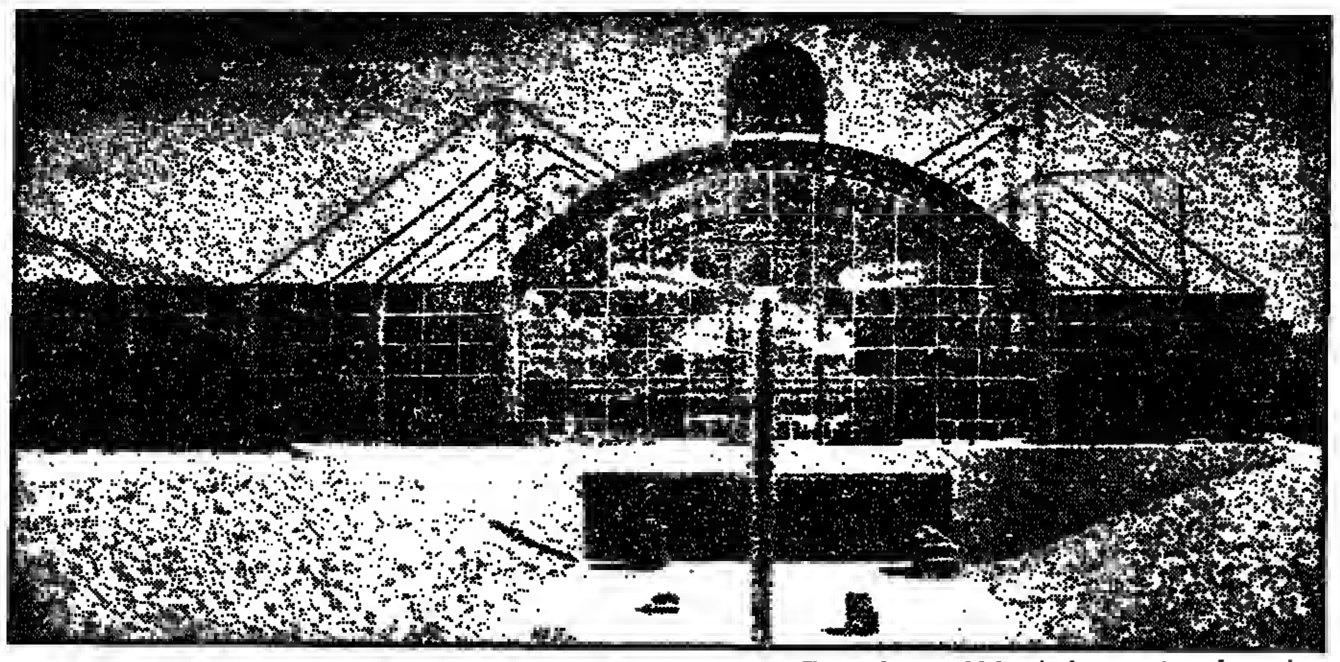
Hertfordshire's recent drive to attract computer-based high technology industry is greatly assisted by the existence of these internationally known producers.

Walter Ellis

Searching for the right balance

Retailing

FIONA THOMPSON



Model of the Park Plaza leisure-cum-shopping centre planned for Hatfield. The project would be sited over a tunnel carrying the A1 (M) road

THE PARK PLAZA scheme, conceived as an elahorate leisure-cum-shopping centre with a motorway in the basement, illustrates one response to the retailing needs of Hertfordshire in the 1980s — and some of the dilemmas that the county faces.

The major question is where best should shopping developments take place. In the case of the Plaza project, at Hatfield, it is proposed that it should be sited on top of the A1(M), which is now being run through a tunnel at that point.

The county la having to come to grips with questions of large-scala developments and is trying to strike a balance. The demand from retailing companies for large new sites has to be set against its policy of protecting green belt land and the interests of its towns with their existing sbopping centres.

It bas to come to terms with changing patterns of sbopping, revolving around the family car, and the likely impact on traditional town centres of accepting new schemes wbich will attract more motorists. At the same time, it wants to keep its towns alive and thriving.

The county also has to balance tho sometimes conflicting interests of towns wbich are oager to attract naw retail development but wbich are understandably concerned about their neigbbours' schemos of new edge-of-town stores. It is also aware of competition across its borders where successful superstore complexes have grown up.

Tho new towns — Stevenage, Hemel Hemstead, Welwyn Garden City and Hatfield — were designed with sbops and shoppers in mind (Stevenage was Britain's first pedestrians-only sbopping centro) and they are keen to dovelop and to keep abreast.

Stevenage is designated, like Watford, as a sub-regional centre, expected to draw customers from a wider area. It is with that role in mind that its Roaring Meg North development is planned: a project that will meet not only shopping needs but which will also aim to attract families for a day out. The scheme includes an ice rink and sports centre, a leisure hall and room for exhibitions and performances, along with 200,000 square feet of retailing space.

But, at the same time, Hatfield has been pushing ahead with its own ambitious development project — including its own ice rink — with precisely the same twin concepts of easy shopping combined with leisure: tho Park Plaza scbome.

Stevenage duly raised objections to the Hatfield proposals.

Tbo Park Plaza's single most unusual feature was apparent right from tho start: its site, astride tho A1(M), the possibility arosa because of the docision taken to cut and cover that soction of the roadway at the time of its improvement to motorway standard, an option cbosen because it involved the loss of less open land and because it would have a lesser impact than an intrusivo by-pass on that part of Hatfield. Tho consequence is a 1190 metre tunnel.

The Carroll Group of companies sought outline permission to build above and beside it 200,000 sq ft of retailing space; another 150,000 sq ft of leisure facilities; plus a 100-bed hotel, a garden centre (known as the Dream Garden), bouses and 105,000 sq ft of offices. The scheme was selected by Welwyn Hatfield District Council and was the subject of a public inquiry last year. Mr Kenneth Baker, Environment Secretary, gave the proposal formal approval last month.

Mr Cecil Ball, principal assistant planner with the district council, said the project would put Hatfield on the map. "It would bring people to invest in the town and bring new life to tho town centre," he said.

Such a scbeme seems like the opitomo of a shopping development for tho car ago. In fact, Hertfordshire has in its policy-making taken account of the needs of all sections of the community and not only the most mobile; its determination to keep traditional town centres alive is in part due to their accessibility to all.

Out-of-town retail development has been relatively late in arriving in the county. The first freestanding superstore—the Tesco development at Brookfield Farm, Turnford—did not open until 1983. Marks and Spencer has recently lodged an application to build a superstore on that site.

Watford bas also captured tbe attention of major developers. Asda has acquired a substantial part of the former Odbams print works site, it is thought for £28m and plans to redevelop existing buildings to accommodate at 16,800 sq m bypermarket. The scbeme, permitted by the Environment Secretary on appeal, includes 1,600 car parking spaces. Early 1987 is the proposed opening date.

Capital and Counties, the London-based property company respansible for many shopping developments, has recently submitted a planning application for a wholly retail complex—kfinown as Mars —on a ten-acre site in Watford town centre.

Capital and Counties Is in partnership with Watford Borough Council on the project. John Lewis Is the planned anchor tenant. A decision on the application is not dne for some time yet but tho principlo of redevelopment of this aroa is long established, according to Mr Tony Curtis, chief planning officer of Watford Borough Council.

Another developer, Town and City, has submitted a planning application to St Albans District Council to create a retail/hotel/leisure complex on part of a 90-acre site in the so-called Golden Triangle. Located between St Albans and Watford, the triangle is edged by the M1, the M25 and the A405.

The scbeme would provide for 500,000 square feet of retail space in addition to a botel and leisure facilities including a multi screen cinema and children's play facilities and 4,000 surface car parking spaces. The anchor tenant is thought to be a Savacentre bypermarket.

The planning application will almost inevitably be refused because the site is in the green helt and is likely therefore to be the subject of a public inquiry.

At tbe last count, there were 16 retail warehouses oither in business or about to come into operation on sites outsido town centres in Herts. Development has been gathering pace, with the new major retail developments making a striking contribution to the total area of floorspace available—or likely to be—in the county; nearly half of the additional square footage being outside town centres or neighbourhood shopping areas.

Taking into account schemes approved hut not yet built and planning applications still in the pipeiino, the gross shopping floorspace increased by over 40 per cent between 1980 and the middlo of last year: altogether 326,000 square metres of additional space.

It remains the fact that many Hertfordshire people still look elsewbere for their major shopping expeditions. It is estimated that a fifth of all spending on durable goods takes place outside the county in London itself and at purpose built centres such as Brent Cross and at Milton Keynes and Luton.

Knehworth House where the grounds have been developed as a country park

Wider attractions sought

Tourism

WALTER ELLIS

THE DEVELOPMENT of Stansted, just across tbe county border in Essex, as London's third airport, could have profound consequences for the devetopment of tourism in Hertfordshire.

Already, tour companies operating out of Stansted are heing encouraged to place the Home Counties on their itineraries for foreign visitors, and the potential for growth is considerable. Weekend hreaks sbould feature in promotional literature.

The wbole region, encompassing Essex, Cambridgesbire, Bedfordsbire, Buckinghamsbira and Oxfordshire, as well as Hertfordshire, can be expected to benefit, but Hertfordshire, with its ancient towns, canals and close proximity to the airport, sbould be in a better position than most.

Tourism in the area is handlod by tho Thames and Chilterns Tourist Board, with its headquarters in Abingdon, in Oxfordshire. Local matters are the preserve of the various district councils, which run information centres and liaise botb with the board and with tho different county councils.

Hertfordshire is probably best known for its towns and villages, though tho gentiy rolling countryside, part of it protectod by London's Green Belt legislation, is an added attraction, as are the canals and the many gravel-pit lakes.

There are three main "tourist" towns: St Albans, Hatfield and Hertford. St Albans, closest to London, is centred on its ancient cathedral, reputedly built on the sile of the first Christian martyr in England—a Roman soldier named Alban, executed in AD 303. Tbe town was known as Verulamium at the time, and classical remains abound.

Hatfield is an attractive former coaching town, with fine Georgian streets, but is best known for its proximity to Hatfield Honse, bome of the Cecil family and one of tha finest Jacobean residences in Britain.

Hertford is less spectacular but benefits—in spite of its county town status—from being somewbat off the beaten track and therefore relatively unspoiled. The site is an ancient ono, dating back to Roman times, and there are traces of pratically every century since.

Outside of the towns, Knobworth House, homo of tha Lytton family, is a popular attraction. First built in 1492—the year Columbus sailed for America—it was reconstructed in neo-Gothic style by tho first Lord Lytton in the 19th century. The grounds are particularly lovely and bave been developed as a country park.

Boating in Hertfordshire comprises cruising on tho Lea-Stort navigation, in the east, and the Grand Union canal, in the south-west of the county, as well as sailing on the growing number of gravel-pit lakes. Villages are another key feature. Quintessentially English, offering an image of stability in a turbulent world, the many small communities, focused on church and villaga green, that dot the countryside almost overflow with charm.

George Bernard Shaw, the renowned Irish dramatist, was one of Hertfordshire's most famous village residents. He chose the leafy hamlet of Ayot St Lawrence, be writes, because of a curious inscription on a tombstone in the churchyard. A woman had died at the age of 70. "Her time was short," ran tha legend.

Shaw chose well. He lived to be 94 himself and bis ashes were scattered in the garden of his house.

Promoting a county like Hertfordshire bas two main problems. It is close to London, tho urban sprawl of which is already advancing towards St Albans and Hemel Hempstead, and creating a separate identity alongside such a giant of tourism is no easy task.

Second, there is little to hold the visitor's attention once bo or she has become sated with the "heritage." There is no coast and there are no "resorts."

Thames and Chilterns, together with the county council and the district councils, are getting around both problems by looking to London as a market and by promoting the area as ideal for weekend and other short-stay retreats.

Hore, though, the problem is a shortago of accommodation, particularly for discerning yet cost-conscious business travellers. A programme for expanding the number of hotel rooms is bohind schedule, and there is the added fact of an imbalance: most hotels are in the south of the county, near the M1, M25 and A1 motorways.

Country parks and farm-based holidays are now receiving added investment attention.

A 1974 report, Tourism Strategy for the Thames and Chilterns, concluded that Hertfordshire's role was unlikely to be a major one for the foreseeable future. The county is out to prove this view was a mistaken one.

Signpost to prosperity

A1(M) Corridor

FIONA THOMPSON

THE MOTORWAY which runs like a spine through the county is seen as a potential route to increased prosperity for the towns signposted along the Hertfordshire length of the A1 (M).

The concept of an A1 (M) corridor — successor to the much vaunted M4 corridor — has already gained currency as part of the country's strategy to attract new wealth-creating industry and jobs.

The county council has declared its support for industrial development in towns along the line which, in turn, have launched their individual enterprises designed to draw in the high-technology companies which, they believe, would be ideally placed to succeed in Hertfordsire.

Whether that approach will be sufficient to transform the idea into reality, and the companies to the new motorway-sites, has still to be seen. There is some feeling in the north of the county — furthest removed from the key motorway link of tha A1(M) and London's orbital M25 — that more co-ordination and joint planning is required if the potential benefits are to be evenly spread.

The last section of the M25, from north-east of Watford to the A1(M) junction just west of Potters Bar, will be completed later this year. That will bring the towns on or near the A1(M) in Hertfordshire within easy striking distance of Heathrow and close to the hub of the London centric motorway net.

Mr Geoffrey Steeley, county planning officer, believes that the corridor towns have every advantage: they offer attractive sites, well-served by both motorway and railway, with a workforce on hand. Hertfordshire is looking towards development along the line of the A1(M), at this stage, because the M25 itself runs through green belt land which the county is anxious to protect.

The ambition does not end there; Mr Steeley looks east, to the A10-M11 triangle, and west, to the A41 route, linking Watford, Hemel Hempstead and Berkhamsted, as areas for development in much the same form. The development of Stansted Airport is an added attraction.

The county, in its planning, has taken on board the Government's call to "sweep away obstacles to commercial enterprise and give planning support to industrial and commercial development."

Bulldozers

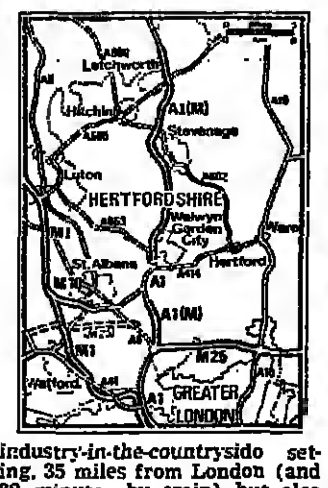
That means, in concrete terms, that some of the A1(M) towns — from south to north, Hatfield, Welwyn Garden City, Stevenage and Letchworth — have been able to bring in the bulldozers to start preparing the way for the industry they hope to attract. St Albans, Hitchin and Baldock also stand to benefit if jobs can be created.

Letchworth, in the north, has a major scheme in hand: Enterprise 2000, a planned business park on a landscaped 60-acre site, capable of providing 1.25m to 1.5m square feet of factory and office space (equivalent to half again the total now available in the garden city).

Its target companies are those which the corridor towns as a whole wish to attract: it offers ample room for light manufacturing, probably in high technology fields, research and development and warehousing.

The first stage of that £60m development is already in operation. The Business Centre, a complex of 26 units — of which 19 have already been taken — is designed to attract smaller companies, which have use of joint reception, entertainment and boardroom facilities and a secretarial and telex bureau.

Letchworth Garden City Corporation lays emphasis on its



industry-in-the-countryside setting, 35 miles from London (and 38 minutes by train) but also with good links to the Midlands, the North and Scotland, access to the East Coast ports and a soon-to-be-improved motorway route to Essex and the South East.

Mr Andrew Egerton Smith, the corporation's chief executive, would like to see the corridor towns pulling together more to promote their joint cause. "There needs to be a group established to co-ordinate the whole scheme," he said. "We should all pool our resources, with joint publicity and a co-ordinated programme, to show that we have a very good alternative to the M4 corridor."

Mr Peter Archard, director of planning for North Hertfordshire district council (which covers Letchworth, Baldock and Hitchin), said all the corridor towns appeared to be acting separately. "Everyone is looking for a share of the same market," he said.

Stevenage plans to bring into operation its Meadway industrial development area within the year. The ten-acre site will be landscaped. There is widespread agreement that companies want to put down roots in an attractive setting — and it will be pitching for smaller high-tech and research and development concerns.

Manufacturers' Life, the insurance company, is preparing to set up a computer training centre at Meadway and Wiltron, the Canadian computer company, is also moving in there.

In Welwyn Garden City work is underway on the redevelopment of the 61-acre ICI site — the former headquarters of its petrochemicals and plastics division. ICI is maining 14 acres for offices, the remaining 47 acres are being developed jointly by Hunting Gate Developments and Allied Dunbar Property Funds.

The first buildings in the business party — to be called Shire Park — will be available early next year. The style is to be very much the "American business park, lots of green grass and trees, low rise buildings."

Digital Equipment has signed to take an 11-acre site. In addition to it and ICI as the major tenants, there will probably be another 30 companies on the park.

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Reagan's trade warning

THE RHETORIC is becoming gruffer in the transatlantic dispute about trade, protectionism and, above all, agricultural policies. The danger is that the US and the European Community may become prisoners of their own *machismo* and derail the international procedures provided for the Gatt to solve such disputes.

On Monday the White House spokesman threatened retaliation of an unspecified nature if the Community did not by July 1 provide what be called adequate compensation for certain disadvantages arising for US exports of farm goods from the incorporation of Spain in the Community and, hence, its common agricultural policy.

Yesterday Brussels responded, accusing Washington of unfriendly and needlessly aggressive conduct, even though the Americans have not so far done anything concrete. At the same time Brussels threatened to take appropriate action, also not specified, if the US were to take unilateral measures against the Community.

Up to a point this is one more exchange in diplomacy by public statement. What marks out the US statement as something more than the mixture as before is that it came from the White House and, hence, in the name of the presidency itself. That places extra vigour behind the punch.

Latest benefit

Throughout the last 30 years the Americans have suffered a conflict of interests, as they saw them, in their relationship with west Europe. For political and military reasons they welcomed the process of European integration. The latest benefit on this score was the Spanish referendum to keep Spain in Nato which was inextricably intertwined with Spanish accession to the European Community.

In the past, Washington generally placed these political considerations ahead of its fears that US trade and particularly exports of farm goods would suffer from European integration. What is new is that Washington is evidently less ready than in the past to face commercial disadvantage as the price of political gain.

The Europeans would be wise to take this new element into account and to strive to keep the disputes within the framework of the Gatt, where it belongs. The first steps have actually been taken: a Gatt working group is investigating complaints by the US and others against the consequences of enlarging the Community.

In conformity with Gatt procedure the Community has, moreover, offered bilateral talks with Washington to find a solution. For all its hurry, as demonstrated by the deadline for taking reprisals, Washington has not so far taken up the offer. Washington would be striking a blow at world trade if it really intended to take the issues outside the appropriate forum in Gatt.

Gatt does lay down that in cases such as the enlargement of the European Community, other countries which can demonstrate that their trade interests have been damaged are entitled to compensatory tariff cuts. That procedure was followed when Britain, Denmark and Ireland joined in 1973. The negotiations were difficult but finally led to an agreement in mid-1974.

In such a negotiation, agricultural and other trade would be taken together. The European Commission suspects that Washington's tactics are designed to separate these issues in the interests of a wider American attack on the farm policy of the Twelve. There are evident tactical reasons for wishing to do so.

Tactics apart, however, it will not do for Brussels to pretend that the farm policy is as immutable as Holy Writ. Debate about its internal dangers to the Community budget, for instance, has already been joined. The external damage done by farm protectionism and the habit of dumping surpluses on world markets should not be taboo either.

American bluster will not serve the cause of world trade. But neither will European immobilism about farm trade, let alone a tightening of farm protectionism in the wake of the recent French election.

Privatisation: a sorry chapter

WHEN THE history of privatisation comes to be written, the selling of British Gas will be one of its sorriest chapters. It is a tale of political expediency and a narrow financial focus which have all but obscured the programme's original vision.

This was to restore the dynamism, efficiency and responsiveness of companies which had been languishing under bureaucratic control. The talisman was competition and profits were to be the reward and the index of success.

Against these ideals, the Gas Bill, which has now been force-marched to the House of Lords, looks lamentably tattered. It will make hardly any difference to the way in which British Gas operates its monopoly business. The provsions intended to encourage competition are feeble in comparison with the market power of the incumbent. The powers of the regulatory body (Ofgas), which might have acted as a surrogate for competition, were carefully constrained.

Since the bill was published at the end of November the Government has made two significant concessions towards improving competition but neither will do much in practice to remedy the deficiencies of the plan.

The most important change was the announcement tht the Government would consider allowing the export of North Sea gas to Europe. This would in theory reduce British Gas's *de facto* position as the sole customer for North Sea gas producers.

This cautious change of heart by the Government is welcome but it still leaves ministers with a veto over exports. Although the door is ajar, it is not clear how much freedom British Gas would have to import gas. The Government's veto last year of the £30bn contract to buy gas from the Norwegian Sleipner field showed that in spite of the rhetoric of free enterprise, political fiat still pulls rank over commercial judgment.

The Government's other main concession was to accept a Conservative amendment giving Ofgas the general duty to promote competition in the supply of gas to industry. A fighting Ofgas director might make something of this, even though the bill puts a button on his foil. He does not have adequate powers to investigate British Gas's costs, nor does the bill require British Gas to publish accounts in such a way that cross-subsidisation can be identified.

The contrast with the changes now taking place in the US gas industry is striking. While the British Government has opted for a single monopoly controlling the pipelines and distribution to gas users, competitive forces have been building up strongly in the US with an active spot market and declining prices.

The US's private utilities which distribute gas to domestic consumers remain strictly regulated but the Federal Energy Regulatory Commission has pressed pipeline companies to open up their networks to all-comers. As a result, a vigorous market has developed with producers competing to supply directly to end users

The comparison must be loose because of the historically different starting point in the US and because it still faces formidable problems in moving from the old, highly-regulated system to one in which the market will have more play.

Genuine market

In the UK this opportunity was lost when the Government gave in to British Gas's refusal to co-operate with any plan for privatising the company which involved breaking it up. As a result, hardly any thought was given to the option of creating a number of separate regional utilities each competing for North Sea supplies and served by a regulated national grid. This structure, with a decisive effort to liberalise trade in North Sea gas, would have offered the prospect of a genuine market.

The potential benefits should not be exaggerated: domestic consumers could have little more choice than they do now or indeed than they do in the US. Strong regulation would therefore be essential to prevent abuse, but in the industrial sector and at the wholesale level there would have been important opportunities for competition.

Instead, ministers wanted to reap the financial benefit of privatisation for before the next election. A plan to split up the corporation, particularly against the company's opposition, could not have met this timetable.

However, even the financial advantage is largely a matter of accounting. The proceeds from the sale will be presented as a reduction in public expenditure but in the real world they are hardly a substitute for genuine economies. This was a short-sighted way to decide the future of a strategic national asset.

BANKING: THE NEW FRONTIERS

THE LINE UP SO FAR

	LONDON GBD	LONDON SE	NEW YORK GBD	NEW YORK SE	TOKYO GBD	TOKYO SE		LONDON GBD	LONDON SE	NEW YORK GBD	NEW YORK SE	TOKYO GBD	TOKYO SE
Citicorp	X	X	X	X	X	X	National Westminster	X	X			X	
Bank America			X	X	X		Midland Bank	X	X	X			
Chase Manhattan	X	X	X	X	X		Kleinwort Benson	X	X	X			
Bankers Trust	X		X		X		Mercury Int. Group	X	X		X	X	X
Security Pacific	X	X		X	X		Paribas		X			X	
Morgan Guaranty	X		X		X		Deutsche Bank	X	X		X		
Merrill Lynch	X	X	X	X	X	X	UBS	X	X		X		
Salomon Brothers	X		X	X	X		Swiss Bank Corp				X		
Morgan Stanley	X		X	X	X	X	Credit Suisse	X	X			X	
Goldman Sachs	X		X	X	X	X	Nomura		X		X	X	X
American Express	X	X	X	X			Daiwa				X	X	X
Barclays Bank	X	X			X		Nikko				X	X	X

GBD=Government Bond Dealer. SE=Member of Stock Exchange.
Note: Many banks are represented through part-owned subsidiaries. Most US banks are members of the New York Stock Exchange through limited service discount broking subsidiaries.

The stampede to become global players

By David Lascelles, Banking Correspondent

IF LONDON had not used the Big Bang to describe the revolution in its financial markets, then some other city surely would.

All round the world, the sound is deafening. There are bangs in Paris, Amsterdam and Frankfurt, firecrackers in Tokyo, explosions in Sydney, and the sound of distant thunder in New York. By the end of this year, the combined blast will probably have reshaped the world's financial industry for a whole generation, though like all detonations, it could cause some nasty cracks, too.

The 47th floor of 55 Water Street in Manhattan is a good place to view the spectacle. Packed into the deep canyons below are most of the big institutions which are racing to build the "global capability" in the securities markets that is now all the rage as the regulatory barriers come down and technological wizardry makes miracles possible.

The premises belong to Citicorp, the world's largest bank, whose mighty guns have been adding to the din. A couple of blocks to the south stands the dark tower housing Salomon Brothers, the securities house where the firepower may be smaller, but deadlier.

A little to the north, a new glass and steel building contains the National Westminster Bank, the UK clearer whose artillery has surprised people with its accuracy. To the west, up Wall Street, new concrete shapes are rising from a muddy hole in the ground — shelter for Morgan Guaranty, the great strategist. In the background, the slivery twin towers of the World Trade Centre house the shadowy but powerful battalions of the Japanese, including Nomura Securities and Sumitomo Bank.

On the 47th floor, too, there is noise. Banks of chattering traders handle Citicorp's multi-billion dollar dealings in the financial markets. And behind, workmen are hammering away at partitions to double the size of the room to 500 dealing positions, the Star Wars-style nerve centre of an immense trading operation that will reach out to every market round the globe.

"You've either got to be very very big, be all things to all people — or a specialist. You can't be caught in between," says Mr John Phillips, division executive of Citicorp Investment Bank, voicing the sense all bankers have that their business is at a watershed: handle the next couple of years well and the 21st century is in sight; muff it and the future is a dark hole.

Despite all the dazzling gadgetry and jet-setting style of modern-day finance, though, banking is really much more at the stage of catching up than of taking a great leap into the future. If it now stands at the threshold of a world market it has only got there long after other sectors and has not been through the sort of painful rationalisation process which has seen the car industry, for example, whittled down by global competitive forces to a few key players. Only the foreign exchange and offshore markets, the Euromarkets, have really straddled the barriers that have made protected pockets of most country banking markets.

But the bangs are changing that. By the end of this year, with the throwing open of the London and Tokyo securities markets to outsiders, financial institutions will for the first time be able to tap directly all the world's biggest domestic pools of capital at once: the government bond markets and stock exchanges of the UK, the US and Japan, as well as secondary markets in such centres as Frankfurt, Amsterdam, Zurich and Hong Kong.

At the moment only two institutions are in a position to do this, Citicorp and Merrill Lynch, America's largest securities firm. But half a dozen more may join them within a year. As well as common membership, the national debt markets have found their common currency in the US Treasury bond, which is now traded round the clock and has become the benchmark for the cost of capital virtually everywhere. With the ability to swap the currency and interest on most securities, almost anything becomes possible.

"The markets are all united in the same sea," says Mr Atsushi Masuda, head of international banking of Mitsubishi Bank, whose spacious white marble skyscraper towers over Marunouchi, Tokyo's financial district, and whose overseas expansion plans, like those of all big Japanese banks, are now aimed mainly at getting into securities markets.

That the bangs should all be going off at once is partly coincidence: the politics of deregulation in Australia, the UK and Japan are quite different, and in the US there has conspicuously been no deregulation at all: the Glass-Steagall Act which prevents banks underwriting corporate securities looks almost as solid as ever, though this has not prevented US institutions taking the lead in foreign and offshore markets. But there is a common fuse: the wish to stimulate competition and, in many countries, attract more international finance business.

As far as the banks are concerned, the changes could hardly be more timely because they coincide with the trend towards investment banking: the business of bringing together investors and capital-users rather than depositors and borrowers, and making tradeable assets out of virtually everything from mortgages to business loans.

For top quality names, securities finance is cheaper and more flexible than bank loans. On the other side of that equation, the growing affluence of the western world and booming markets have produced huge surpluses for investment rather than just saving in a bank. Pensions are growing much faster than bank balance sheets. In Japan, pension funds are expanding by 20 per cent a year, and will probably exceed $300bn by 1990 at today's values, much of it invested abroad. All this cuts out the traditional banker.

Unless there is a big change in the political complexion of western governments, the growth of the banks will also be reined in by firm monetary policies for the foreseeable future. So entry into securities has become, for many banks, the only road to growth.

How, though, to steer banks into these new avenues? The costs are huge. One banker estimates the bill for setting up fully fledged securities operations in the world's major markets, plus all the technology back-up, as between $1bn and $1bn, more than a whole year's profits for all but the largest of them. But if all big banks move into the market at the same time, where will the profits go? And can career-minded bankers compete head-on with the freewheeling investment houses, where to be 40 is old?

"It's manageable for a few large institutions. But some big banks don't realise how big a commitment it takes," says Mr David Lovejoy, who heads the merchant bank at Security Pacific of Los Angeles which wants to be a "global player." Like most of the big institutions, Security Pacific expects its conventional bank to become only the "anchor" of a widely diversified financial company offering services in investment management, corporate finance, mergers and acquisitions, leasing and more, pulling together clients from every continent. The ability to deal in all the big financial markets will be crucial.

For many banks, entry into securities has become the only road to growth. But the costs of setting up in the world's major markets are huge

Successful banks will need the widest geographical reach, sufficient capital to take on deals which command respect (aspirants range from merchant banks with about $500m to banking giants with many billions), a wealth of institutional and corporate contacts, a strong dealing team in securities and foreign exchange backed by top-class research and technology, and cool heads in the executive suites. "What this all adds up to is credibility," says a London merchant banker.

But even banks with all these qualities could find themselves hobbled without a healthy bread-and-butter business to generate steady profits. Bank of America has just been forced to drop out of the UK gilts market because of its huge losses back home. By the same token, Midland Bank's decision to rid itself of its loss-plagued Crocker Bank subsidiary greatly strengthens its chances of succeeding.

The table shows many of the hopefuls which have already secured places in foreign markets. But others are lining up (and some pooh-pooh market memberships altogether). If there is room for about two dozen global institutions, most bankers expect North America to account for about 10 of them, and the Far East and Europe for about half a dozen each. Below them, the market will tier into regional and specialised houses.

Global Bang should bring a more efficient world capital market offering a much wider choice to borrowers and investors, as well as to the banks themselves which are now listing their own shares on foreign exchanges, particularly Tokyo, to compete for new equity.

But not all of them share the excitement. Some like Manufacturers Hanover and Lloyds Bank are acting low key. Mr Alan Fishman, who heads the capital markets group at Chemical Bank, is also advising a cautious pace: "We're in this for the long haul. There's plenty of time and lots to do."

Such circumspection must be a comfort to central bankers who have been worried by the speed of change and the risks to which banks are exposing themselves by plunging into unknown waters — as well as by a possible loss of monetary control to markets without borders. "The genie is out of the bottle. I sometimes wonder whether we could ever get it back in again," says one Government official.

Aside from adding to the impetus for international economic co-operation, global markets will make it harder for countries to maintain tax or regulatory regimes that are out of step. A competitive bidding down of tax on securities transactions is already under way— most recently the halving of stamp duty in the UK budget — but more fundamentally Japan is now considering eliminating rigidities in its tax system to staunch the flow of savings from the country.

The process will also hasten the creation of mega-banks, each of which could threaten the world financial system if it got into trouble. Even if governments wanted to prevent a concentration of banking power, they might have to allow big bank mergers so as to enable their national institutions to hold their place on the global market.

Also unclear are the broader benefits of the Global Bang. The banks are aiming their new services at a select clientele consisting of the Fortune 500 companies, and maybe one or two thousand more corporate and government clients around the world. The slim margins in this intensely competitive market could push up charges for the banks' more humdrum customers. And while the Global Bang may provide bankers with an exciting break from the increasingly tedious business of sorting out the Third World debt problem, the huge innovative markets they are promoting have yet to throw up any good ideas for resolving it.

This has prompted some cynics to suggest that the whole process is merely the latest of the bankers' well-chronicled stampedes into new fashions, and that it may therefore contain the seeds of the next banking crisis. Many bankers are prepared to admit this failing, but, not surprisingly, they reject the idea that it is all a passing fancy.

Sir Martin Jacomb, chairman of BZW, the securities group being assembled by Barclays, the UK's largest bank, says: "Nothing grows to the sky for ever. But this is a process that will go on for several years."

This is the first article in a series on world banking.

Men and Matters

Agnew to captain ISRO

Jonathan Agnew has played in two teams in the City of London. He has experience both of domestic British markets, and of the international capital markets based there.

So he is an apt choice as chief executive—a sort of non-playing captain in this case—of the new International Securities Regulatory Organisation (ISRO).

ISRO was set up to be the self-policing body for international securities houses after the Big Bang in the autumn. Its role so far has been to try to ensure that the Euromarkets will not be unduly hampered as they come under the new regulatory umbrella which will cover all British securities markets.

Agnew, and Ian Steers of the Canadian broker Wood Gundy, who remains ISRO chairman, will steer the international firms in establishing relationships with domestic institutions and practitioners, and in putting their position to the Government. It is a negotiating and lobbying role.

Agnew, aged 44, is a Cambridge graduate. He had a flirtation with journalism at the Economist before moving on to spend three years at the World Bank.

He joined Hill Samuel in 1967 and spent six years, finally as a director, in corporate finance — evolving, with the markets, from debenture stock issues to flotations, to mergers and acquisitions.

Since 1982 Agnew has been an independent consultant, giving advice on, among other things, how banks should set up their Big Bang strategies, and organise their Eurobond departments.

No oars

Harold Musgrove, the often outspoken chairman of Austin Rover, BL's volume cars company, has kept silent in public about the government's decision to name Graham Day of British Shipbuilders as the next BL chairman and chief executive.

But in private talks with senior managers and union leaders he has let it be known that he sees an important role for himself in the new organisation.

Day, a personal appointment of Mrs Thatcher, is expected to take charge next month. Unlike the current chairman, Sir Austin Bide, he will be full-time, and he has made it clear that he will adopt a "hands on" approach to his new job.

He has said that his arrival will add "a different dimension to the management structure." But he has declined to comment on how that might affect Musgrove or Ray Horrocks, the BL executive director responsible for the cars division.

Horrocks has gone public, suggesting to a commons select committee that he had been "disciplined" by Paul Channon, the trade and industry secretary, for leading opposition to the once-proposed merger of Austin Rover with Ford.

Musgrove has recently launched a "communications exercise" calling together senior managers at the Coventry HQ and urging them to hold their heads high. Musgrove, according to several senior colleagues, added that any reports of his demise from the group were grossly exaggerated.
important role in the new organisation.

Shop floor trade union leaders say he gave a similar message when he spoke to them. They also say that when Musgrove was pressed about the future of Horrocks he responded with a comment to the effect that the BL director might not only have burned his boats, but the oars as well.

"Never mind skeletons in the cupboards—it's £100m we're looking for"

Fulham next

Sir Geoffrey Howe's Indian journey was full of excitement yesterday.

The Foreign Secretary was still smarting after being put through the wringer by Indian diplomats and politicians about the activities of turbanned Sikh extremists in Britain. Then Howe was compelled to don a turban himself at a Hindu ceremony to open a village community centre near the Taj Mahal.

However, the turban was of the type worn by Hindu farmers in northern India, rather than Sikhs. Its bright yellow contrasted with his pink shirt.

Howe made a short speech and unveiled a plaque which recorded that the ceremony had been carried out by "Rt. Hon'ble Sir Geoferely."

He then tried to take his turban off. But the Indians insisted be kept it on. A British reporter observed "It'll look fine in the Fulham by-election."

At the Taj Mahal Sir Geoffrey was the victim of the sharp humour of Sir Robert Wade-Gery, the British High Commissioner in New Delhi.

Sir Robert recounted how the Moghul Emperor Shah Jahan, who built the great white tomb for his wife, planned a replica in black marble across the river—but was deposed before work started by his son, partly because the project would have used up too much money.

"The penalties for going over-budget were more serious 250 years ago" said Sir Robert to the former Chancellor of the Exchequer.

Chairman's treat

It doesn't do any harm to give the chairman a birthday treat, most ambitious executives would agree.

Which reasoning probably explains why Sir Denis Rooke, chairman of British Gas, will be found in Humberside today on his 62nd birthday.

He is to inaugurate a piece of modern gas technology which, British Gas claims, is a world first as well as costing £700m.

The fact that the whole project has been operational for months is not being discussed too loudly. After all it *is* the chairman's birthday.

Under the North Sea just off Spurn Head is the Rough gas field which is now partly depleted. The gasmen have now turned the field into the world's biggest gasholder. Gas from other North Sea sources is being pumped back into Rough instead of being stored ashore.

Already, I am told, the system has been coping with sudden surges in demand for gas during cold spells.

The man in charge of the operations is an appropriately named Mr Peak.

Observer

Peter Sutherland—EEC Competition Commissioner

Ferruzzi's recent moves to step up its share of Europe's sugar market have sent shock waves through the industry and put decision-makers in Brussels and London on the spot

How Mr Gardini is stirring it up

By Ivo Dawnay in Brussels and Alan Friedman in London

Paul Channon, UK Industry Minister—an eye on any bids

THE EUROPEAN sugar industry must surely rank among the most mollycoddled business sectors in the European Economic Community.

Protected by impenetrable tariff barriers and insulated by guaranteed quotas, fixed prices and closely regulated markets, both farmers and processors have just weathered the lowest free market prices for 15 years almost unscathed, while their rivals in other countries have shivered and shrunk.

Moreover, despite heavy fines on several sugar companies in a celebrated restraint of trade competition case in the mid-1970s, the domestic manufacturers in most EEC member states appear to have remained happy to control stable market shares, locked tidily within their national borders.

But in the last two months, the cosy world of EEC sugar has been traumatised by a flurry of activity by Ferruzzi, the dynamic Ravenna-based agri-business conglomerate that dominates the Italian market.

The first move came when Ferruzzi raised its holding in Beghin-Say, the largest French processor with almost one-third of the market, by 9.6 per cent to 49.6 per cent. Coming at the height of the French election campaign, this development attracted little attention but it is significant because Ferruzzi has now acquired all it can of the French company without breaching the agreement it made with President Giscard d'Estaing in 1981. This allows it up to 50 per cent of the company provided a French management is retained.

Ferruzzi has made clear that no management changes are sought, but government officials will no doubt be monitoring the company closely.

Then came reports later last month that the Italian group had reached agreement in principle on a deal with the UK commodity trader, S. & W. Berisford, to take over British Sugar, the processor which controls about 55 per cent of the UK market.

Subsequently, Hillsdown Holdings, the UK food group, and British Sugar's main rival, Tate and Lyle, have plunged into battle giving all three suitors around 10 per cent of the company.

Meanwhile, Ferruzzi is said to be consolidating its domestic position. Eridania, its wholly-owned subsidiary, is the largest processor in the Italian market. But Ferruzzi also has a 25 per cent stake in ISI, the second largest processor, formed by the Administration of Prime Minister Bettino Craxi and farmers' co-operatives when the Montesi group collapsed about 18 months ago.

Together Eridania, Beghin-Say and ISI control about 18 per cent of the entire EEC sugar market. If British Sugar were added this would rise to 22.5 per cent—a figure described recently as "horrific" by Mr Walter Cools, joint secretary of the EEC's principal sugar users' association.

A successful Ferruzzi takeover of British Sugar—if that is the intention—could have serious implications for the UK industry, especially for Tate and Lyle, its principal rival.

The EEC sugar regime is so arranged as to provide guaranteed prices for farmers and guaranteed profits for all but the least efficient companies. In essence the Brussels' system designates a fixed quota to each community member state for which artificially high prices are set.

Surplus production — about 4m of the 12m tonnes produced yearly—is sold with export subsidies on the world market, financed by a so-called co-responsibility or producer tax levied on farmers. The formula ensures that the price processing companies pay for their raw material and at which they sell to the market yields a fair margin of profit. They are also safe in the knowledge that there is no alternative source of supply.

For Ferruzzi, a larger slice of a market where profits appear almost guaranteed and economies of scale pay handsome dividends might be motive enough for its expansion.

But the company also has understandable ambitions to be the first in the queue for a new series of financial incentives to develop the use of sugar for the chemical and biotechnology industries. A substantial increase in EEC grant aid for sugar as a feedstock was agreed by ministers earlier this year.

If Ferruzzi does move to a full bid for British Sugar, there are serious implications for Tate and Lyle, which last week raised its stake in BS to just over 8 per cent. As a refiner of raw sugar, Tate's profit on UK operations last year was only £12.3m, compared with BS's £56m from beet processing, although the quantities involved—1.14m and 1.25 tonnes respectively—did not differ widely.

The explanation for at least part of this is that the costs, and consequently the profits, of handling cane imports from the Caribbean under current Community price rules, deliver a much less generous return.

Those monitoring the UK industry now believe that Tate's costly refining business could become extremely vulnerable if a newly taken-over BS chose to slash its retail and wholesale prices.

A further headache for the UK Government is the possibility that Ferruzzi might reduce BS's output by closing plants and meet the shortfall from under-used capacity on the Continent. This could force up prices for the consumer and, in effect, export a chunk of Britain's already inadequate quota.

"Either way," said one big UK sugar buyer last week, "Ferruzzi's interest in BS can't be good news for anybody in the British industry, nor its customers."

That is the depressive, chauvinistic view from an industry riddled with xenophobia. If Mr Raul Gardini, Ferruzzi's chairman, is to be believed, a Ferruzzi take-over could have extremely beneficial effects, not least in a political alliance to persuade Brussels to allow an Anglo-Italian quota trade-off that could improve the UK's share of community production and sales.

This would allow the Italian industry, to enjoy a slightly larger share of the quotas where the producer taxes are fixed at a low rate in return for surrendering a portion of its highly-taxed output. The quota given up could then, if the Twelve's farm ministers agree, be handed to the more efficient British industry, giving it the surplus it needs to develop market share and sugar for chemical uses.

A full bid by the Italian for British Sugar would inevitably meet the close perusal of Mr Paul Channon, the UK Industry Minister, and the monopolies watchdogs of the Office of Fair Trading because of the company's crucial position in the UK sugar market.

In Brussels, Ferruzzi's lawyers have an appointment to explain the company's strategy to key farm officials and those from the department of Mr Peter Sutherland, EEC commissioner in charge of competition. Above all, the Ferruzzi team is thought likely to argue cogently that a BS takeover would conform with the EEC rule book.

For the competition directorate, the key question is whether a Ferruzzi-owned BS would or could have a dominant position in the market. To hold such a position is not in itself a breach of community law. That would require "abuse" through unfair price-fixing, or forming cartels.

But the commission also has the power, rarely exercised, to block a takeover on the grounds that a company increasing its stake in a market would inevitably distort it.

Those familiar with EEC competition law are wagering that the issue is most likely to be resolved by the OFT, which shares parallel powers with the commission in cases of this kind. As it is, the interest in BS of Hillsdown Holdings, the UK food manufacturer, could prove more attractive to Whitehall as at present Hillsdown holds no stake in the sugar market.

Whatever the outcome, the speed and ambition of Ferruzzi's activities on the notoriously complacent sugar market have both shaken and stirred its rivals.

'The bigger the quotas, the bigger the profits'

MR RAUL GARDINI, who heads the Ferruzzi group which is also Italy's third largest private-sector concern with US$6.2bn of turnover, can easily reel off a string of reasons why the future of British Sugar would be better off in his hands.

At the end of the day, however, Mr Gardini appears to want to add British Sugar to what is already Europe's largest sugar conglomerate for a more time-honoured motive: increasing his sales, market share and profits.

"Our strategy is to create a Europe-wide industrial structure which, as a multi-national in the sugar sector, can tackle problems in the Community more easily than is the case in a fragmented market where each country's processors and agriculture ministries address more narrow interests," explains the 52-year-old Mr Gardini.

Mr Gardini firmly denies that he is interested in monopolising the sugar market and says he would not, if he gains control of British Sugar, reduce purchases from UK farmers and substitute them with imports from the continent. He says he would not close UK plants, which he regards as more efficient than their Italian counterparts.

"I would like to increase purchases from UK farmers and I told them this in a recent meeting. I would like to contribute to the effort to raise the size of the UK quota in the Community," he explains, adding that "those British farmers who know Ferruzzi understand that we are not a threat."

Despite heading a private sector with a turnover larger than either Pirelli or Olivetti, Mr Gardini tends to affect a slightly provincial and backwoods image. He is nonetheless a shrewd businessman who is engaged in developing his family-controlled group into a more active player in Italian finance and industry.

Ferruzzi, for example is a key shareholder in the Montedison chemicals group, as well as the l'Espresso magazine and newspaper publishing group.

Mr Gardini stresses that aside from his control of Eridania, which has 45 per cent of the Italian market, and Beghin-say, which has 33 per cent of the French market, he also owns Italy's biggest beet producer.

Raul Gardini—would like to help in the attempt to raise the UK quota in the EEC

If Ferruzzi succeeds in taking control of British Sugar it will have 55 per cent of the UK sugar market. Mr Gardini's comment on this prospect is that "nothing would change in the UK market—the only thing which would change is the shareholder in British Sugar."

As for the fact that Ferruzzi control of British Sugar would raise its European market share from 18 per cent at present to 22.5 per cent, Mr Gardini says: "That does not mean I can control European policy. But it does mean I can have a stronger voice in Brussels in order to influence quotas." The Ferruzzi chairman is unequivocal about higher quotas: "My profitability is tied to quotas—the more quotas, the more profits."

Asked to sum up the strategic value of Ferruzzi ownership of British Sugar, Mr Gardini cites five principal "advantages for Europe." These are that the larger the structure of sugar processors, the more efficient the economies of scale. Secondly, he believes that Ferruzzi can act as a "mediator" in sugar problems which cut across national boundaries.

Thirdly, he believes a larger industrial structure would lend itself to less costly and improved marketing of the product, both for retail and industrial use. He also says that the development of a co-ordinated programme in Europe for alternative (chemical industry and biotechnology) applications of sugar will be easier if Ferruzzi has a larger share of the business.

Finally, he returns to the theme of working with farmers. "If, for example, we wanted to develop production for the world market outside Europe we would be in a better position to forecast prices and co-ordinate with farmers."

Ferruzzi as a group does not have a consolidated balance sheet, though Price Waterhouse is preparing one which will be ready in a few months. The company which would control British Sugar (if Mr Gardini succeeds in his efforts) would be Agricola, which is quoted on the Milan bourse with 46 per cent of its shares in the hands of the market. It is Agricola's holding which controls Eridania and Beghin-Say and which had a L40bn net profit on L3,300bn of consolidated turnover in the financial year ended February 28 of this year.

Mr Gardini's message is clear enough: he says he is interested in working with farmers and would not pose a threat to them or to Tate and Lyle.

Nonetheless, while Mr Gardini's strategy for closer co-ordination in the European sugar market makes business sense, it is equally clear that behind his interest in British Sugar is a more basic desire to expand his sales and profits.

Letters to the Editor

Nuclear arms control

From Mr P. Mercer

Sir,—It is misleading for Drs Haines and Howard to suggest (March 26) that: "A comprehensive freeze would certainly stop further Soviet weapons with no loss of security to the west." Assuming that the difficulties of verifying Soviet compliance had been solved, a "freeze" would perpetuate the current Soviet advantages and would do more to undermine international security than it would to enhance it.

Moreover, the main consequence of a "freeze" for Britain would be the cancellation of the Trident programme. After Polaris is withdrawn—as it will have to be in the next decade—we would lose our independent nuclear capability. In this sense a "freeze" is unilateralism by obsolescence.

The long-term effect of a "freeze" would be for all nuclear weapons to become obsolete: in order to remain credible they have to be tested. Even if one makes the assumption that complete and foolproof verification is possible, the major nuclear powers would lose their nuclear capability at unspecified, irregular and haphazard times in the future. It would not be simultaneous, and at some stage one side would have a nuclear capability, while the other would not.

It should therefore be easier to negotiate a date at which nuclear weapons are simultaneously abandoned, rather than agreeing upon a multilateral "freeze." The difficulties which have prevented this in the past can certainly be expected to apply with added force to a "freeze:" a haphazardly disarming "freeze" would be far harder to achieve than simultaneous multilateral disarmament.

The complexities of international politics cannot be reduced to question-begging slogans and simplistic catchwords. To support a "freeze" is to ignore these complexities.

Paul Mercer.
Cedor Lawns,
Church Street,
Burbage,
Hinckley, Leics.

Rights on the seas

From Mr N Tomlinson, Jr, Chairman, editor and publisher, Daily Record

Sir,—In regard to the editorial in your esteemed publication of March 26, entitled "An unwise encounter" please consider America's prickly concern for infringements of its rights on the seas is an old one as the unpleasant events of 1812-1815 remind us.

Likewise, assertion of such rights is always a provocation to some, as Britain's own imperial years themselves amply illustrate. Those who "sail in harm's way" court risk; to suppose that risk may "provoke into further barbarities" on the part of Libya is not to say that risk should be assiduously avoided.

Living in a hostile world is as risky now as it was in the 19th century. To allow the steady erosion that constant chipping away often causes is something no great power can permit. Perhaps only appeasement can totally defuse risk.

Norman B. Tomlinson, Jr.
55 Park Place,
Morristown,
New Jersey 07960, US

Land Rover's prospects

From Mr P. Oppenheim MP,

Sir,—Stuart Marshall, your motoring correspondent was sadly right in his article (March 22) on Land Rover's prospects.

The Land Rover is an excellent vehicle but is struggling to find a niche in a market increasingly dominated by less durable but much more economical and cheaper Japanese vehicles. The Range Rover may be very good but it is ludicrously overpriced and is unlikely to do well in the US market where efficient and extremely luxurious locally made four wheel drives sell for half the price. These are the reasons why Land Rover have lost half of the UK market to the Japanese and why Japanese and US producers have captured 90 per cent of world markets.

Apart from that, the range desperately needs modern petrol and diesel engines to replace the 30-year-old four cylinder units. This will require a great deal of money or possibly the buying in of an engine from an outside source. In short, Land Rover badly needs investment and marketing muscle and unfortunately GM was probably the best candidate to provide this — all of which still leaves Leyland trucks and buses out on a limb. Britain still has seven heavy truck producers, none of which export substantially to Europe; Western Europe as a whole has the same number of major truck manufacturers and all of these sell a large number of vehicles into the UK market.

What has been lost, therefore, is a major opportunity to restructure the British truck industry along sensible lines, with Leyland selling its up to date range under the Bedford name and GM using its marketing power to get that range into Europe. It is tragic that, in the face of the Opposition's attempts to pull the Union Jack over the voters' eyes, the Government has backed down. No doubt GM will now go off to Europe where it will probably be welcomed with open arms by the French, Italians or Germans. Meanwhile, back in the UK, losses will pile up inevitably leading to redundancies or further cash fixes from the taxpayer.

Phillip Oppenheim,
House of Commons, SW1.

British Gas and fuel prices

Fom Mr D. Andrew.

Sir,—Government has been urging the private sector oil companies to make further reductions in the price of petrol in line with the fall in the price of crude oil. May we expect that similar representations will be made to British Gas in respect of its prices to consumers?

In April 1980 I was paying an average price of 17.165 pence per therm for gas under the two part tariff then in force. The current price is 37.0 pence per therm, the increase being due, I understand, to Government's requirement that the gas price should be kept "on a par" with the price of oil.

Presumably forecasts of British Gas earnings will be submitted with any prospectus issued in connection with privatisation and such forecasts will take into account the likelihood that crude oil prices will not return to their former levels for some considerable time.

Daniel M. Andrew,
32 Sonning Meadows,
Sonning, Reading,
Berks.

London's four airports

From Mr W. Woodruff

Sir, — Your otherwise excellent survey of London's airports (March 24) omitted two important points.

By 1995 the four airports will have a total passenger terminal capacity of about 80m. With a continuing but decreasing rate of growth and with a slightly higher share at the regional airports, demand at the London airports at that date is likely to be over 80m. Decisions aimed at providing extra capacity before 1995 need to be taken soon. You appear to treat the further expansion of Stansted to 15m and then to 25m and the expansion of Heathrow by the additon of a fifth terminal as mutually exclusive alternatives. They are not, and if demand continues to increase and is not to outstrip supply, at the turn of the century both developments will be needed. The expansion of Stansted from 8m to 15m will cater for only two years' growth and continued expansion to 25m, for a further three years' growth. Unless, before this time, further expansion is possible at Heathrow, the London area will have no further capacity. After years of indecision, Stansted is already too late and there is a danger of traffic being lost to the Continent over the next five years. The loss will continue if there is inadequate capacity at the turn of the century.

All these figures assume that the runways can cope with passenger demand. Currently, the average number of passengers per passenger air transport movement at Heathrow is about 115. The figures has been increasing only slowly over the years. If Heathrow's runway capacity is about 300,000 passenger movements a year, an average load of about 133 is needed to handle 40m passengers. This will be achieved in time, but airlines' equipment programmes do not indicate an early date. A fifth terminal and 53m passengers will require an average load of about 175 and this is, clearly, a long way off. Gatwick has a similar problem and the handling of 25m is likely to be delayed by runway capacity. Therefore, if traffic is not to be lost, it will be essential to utilise to the full the capacity of Stansted's runway.

In aviation terms, it makes little sense to have two major international airports with single runways and there would not be these problems if history and environmental considerations had not closed the options of second runways at Gatwick and Stansted. But they are closed and we must make the best use of what we have.

W. C. Woodruff,
25, Chichester Ave,
Ruislip, Middlesex.

Safe investment in fine wines

From Mr F. Singer

Sir,—The Chancellor's restriction of the business expansion scheme highlights, among others, the popular trend towards safe investment in fine wines.

Memories are short and history is said to repeat itself. When, in the mid-1970s, the Stock Exchange index collapsed and money suddenly became a rare commodity, the price of fine wines equally collapsed.

I am still enjoying the excellent clarets I bought at knockdown prices from the cellars of Slater Walker which invested heavily in fine wines as a safe investment.

Francis A. Singer,
Reform Club,
Pall Mall, SW1.

FINANCIAL TIMES

Wednesday April 2 1986

Nigeria set to seek Paris club moratorium on debt

By Peter Montagnon, Euromarkets Correspondent, in London

NIGERIA is expected soon to ask industrial country government creditors for a moratorium on debt repayments similar to that agreed last week with commercial banks on medium and long-term loans.

The request will come at a meeting of the so-called Paris Club of government creditors now scheduled for later this month, and will be a prelude to a more formal rescheduling of the country's $19.3bn foreign debt.

Bankers say it is not certain how the Paris Club will react to Nigeria's request given its continuing resistance to an International Monetary Fund economic stabilisation programme which is normally a condition of an official rescheduling.

They are to wait until after the Paris Club meeting for their next meeting with Nigerian officials. Only at that meeting, now scheduled for the third week of this month, will talks begin in earnest on a rescheduling of commercial bank debt maturities.

One problem facing the 11 main creditor banks who have formed a steering committee to negotiate with Nigeria is the scarcity of reliable debt figures. Telexes informing bank creditors of the repayments standstill have been sent only to the agent banks oo known syndicated loans instead of, as is usual, to all known creditors individually.

The 11-bank group has a heavy preponderance of UK, US, French and West German banks reflecting what is thought to be the existing weight of exposures to Nigeria. It comprises: Bank of America, Bankers Trust, Banque Nationale de Paris, Barclays, Citibank, Commerzbank, Credit Lyonnais, Midland, National Westminster, Société Générale and Standard Chartered.

Bankers said it is not yet clear what form of rescheduling might eventually be negotiated, though given both the absence of an IMF agreement and Nigeria's dependance on the notoriously volatile oil price, it is unlikely to cover more than one year's maturing debt.

The fall in the oil price has placed an extreme squeeze on Nigeria's external finances. Bankers said they were aware that the country would have run out of cash if a standstill had oot been granted. Without a formal standstill that would have left a messy repayment pattern in which some banks would have been repaid while others were not.

UK, Japan bid to break impasse on bank licences

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

AN EFFORT to break the impasse between the UK and Japan in the long-running dispute over licences for banks and securities houses will be made at the political level today with a new round of talks in Tokyo.

Mr Michael Howard, Britain's under-secretary for corporate and consumer affairs at the Trade Department, is scheduled to meet Mr Noboru Takeshita, Japan's Finance Minister. Later in the week, Mr Howard will also meet other senior officials from the Japanese Ministry of Finance including Mr Tomomitsu Oba, the vice-minister for international affairs.

Mr Howard is the UK minister responsible for the Financial Services Bill which will establish a new regulatory regime for the City of London after the Big Bang in October when the UK financial markets are reformed. His visit comes at a time when several UK banks are trying to obtain licences to deal in securities in Japan – and Japanese broking firms want banking licences in the UK.

Mr Howard will point out to the Japanese authorities that his bill contains a reciprocity clause under which the UK could bar Japanese institutions from operating in the City of London, unless similar access is granted to UK institutions in Tokyo.

He is expected to press for licences to be granted to the four UK clearing banks, all of which want to deal in Japanese securities as part of their bid to establish global capital markets operations.

However, each bank will have to create a special subsidiary in which ownership is shared with a non-banking partner in order to qualify for licences under Japan's restrictive banking laws. NatWest, Midland and Barclays are believed to have found partners. Lloyds Bank is also preparing an application.

Mr Howard will make clear that licences for the four Japanese securities houses, Nomura, Nikko, Daiwa and Yamaichi, to operate in the UK banking market will only be granted in step with the issue of licences to UK banks.

The dispute between the UK and Japan over licences has been running for at least two years. Until now, negotiations were conducted by officials from the UK Treasury and Japan's Ministry of Finance. But they achieved only partial success last year when four UK merchant banks obtained licences. The intervention by politicians reflects the increased urgency now that the Big Bang is looming.

Feature, Page 18

Protest over British ADR tax

Continued from Page 1

Innovative issuing practices can excite the regulators. In London, the Euro-equity business – the marketing of shares through the Eurobond syndication method – has been growing. But if issue managers "stabilise" equity prices as they routinely do for Eurobond issues, they will be liable to go to jail under the financial services regulations now before the British Parliament.

The regulators have also been concerned about the wider implications for investor protection and fraud protection of the diffusion of the equity market. The US Securities and Exchange Commission began a broad exploration last year of the market which has yet to bear fruit, and is also in talks with the UK Government on transatlantic market links.

Amid all this, the UK Government's latest move on ADRs has given rise to fears of a significant and permanent diminution of US interest in British shares.

Clearly the tax does not prevent US institutions investing in Britain. Most are at liberty to buy UK-registered stock on the London stock exchange. The Big Bang reforms of London trading and settlement methods in October will make it easier and cheaper for them to do so.

The tax could, however, discourage new, less sophisticated US investors who prefer not to take the plunge directly into a foreign, sterling-denominated market. It is also a significant setback to the development of a 24-hour market in shares, since UK ADRs were heavily traded after London's close.

This has sometimes meant prices being set in New York rather than on the London exchange. But the tax has proved an embarrassment for the exchange. It came in the very month when the exchange abolished its own protectionist bar on foreign firms such as Merrill Lynch which have been active in the ADR market, but bad been denied access to London membership.

The exchange has, itself, been promoting foreign ownership of UK shares and is developing trading links with foreign stock exchanges, especially in the US. It is also involved in sensitive discussions with international brokers in London on jointly formalising an international equity market in London after the Big Bang. It has joined them in deploring the budget move.

The market impact of the new tax has been to halt purchases of UK shares with a view to ADR conversion. This must spell at least a gradual tapering off of liquidity in existing ADRs.

The price effect, however, is less clear-cut. ADRs swiftly moved to a 3 to 4 per cent premium over London prices, but the gap has since narrowed. Traditional arbitrage opportunities have been closed hut others have opened up. With a wide premium, a smart US investor would simply sell the higher-priced ADR and buy the lower-priced UK registered stock. The question of who is to absorb the additional cost is thus left open, though the most obvious answer is that no costs will be incurred because oo new ADRs will be created.

There is still uncertainty about the tax status of purchases made before the March 18 budget, without knowledge of the new tax, but settled at the end of the account period last week. But there is little doubt about how the tax will be imposed in future. It will be levied as shares flow out of the stock exchange's Talisman settlement system into nominee accounts set up by banks which act as custodians of the shares. The US banks involved are large and reputable, and see no way to dodge the tax.

Officials say the UK Treasury is aware of the opposition to the new charge. Apparently intended to claw back some of the revenue lost by the halving of stamp duty on UK share deals from 1 per cent, the ADR tax was said in the initial announcement to be "designed to ensure that there is no fiscal advantage in buying UK shares in depositary receipt form."

One idea being floated in London last week was an amendment which would simply penalise British investing institutions if they used the New York market, thus escaping the UK stamp duty which they would have to pay on London deals. But given that US investors in British companies would then be more favourably treated than British investors, such an amendment would probably prove just as controversial as the new rule.

Moscow still keen on full summit with US

By Our Foreign Staff

THE SOVIET UNION yesterday made clear that it was still interested in a full summit meeting with President Ronald Reagan in Washington later this year despite the past month of steadily deteriorating relations between the two superpowers.

Mr Mikhail Gorbachev's call for an early meeting with the US President in Europe to negotiate a nuclear test ban was seen by US officials as a possible ruse by the Soviet leader to avoid going to America this year. Mr Georgy Kornienko, the first deputy Soviet Foreign Minister, rejected this interpretation yesterday.

Mr Gorbachev did not intend his suggested nuclear test ban discussions with Mr Reagan in Europe "to supplant the summit meeting which was agreed in Geneva and would be a full visit to Washington," Mr Kornienko said. The originally planned summit, be stressed, "has not been withdrawn from the agenda."

However, there is clear Kremlin anxiety should Mr Gorbachev be seen as weak in going to the US after the past month of superpower polemics, first over reducing medium-range missiles, then over US demands on the Soviet Union to cut its United Nations staff and Soviet protests at US naval intrusions into its Black Sea waters and most recently, over US attacks on Libya, a Soviet ally, and US rejection of a test ban.

Washington is trying to create the impression it can "get away with anything," a Soviet newsagency complained this week.

Significantly, Mr Kornienko yesterday sought in cast recent events as a trial of strength. "We have strong nerves and we are not easily provoked into breaking off dialogue," he said.

He did not say why the subject of a test ban could not be dealt with at the planned Washington summit hut stressed that before agreeing to a summit date, Moscow would want to be assured of "a constructive outcome" on other arms control issues.

To the US complaint that Mr Gorbachev was conducting dialogue through the airwaves rather than diplomatic channels in announcing his call on television for test ban talks with Mr Reagan, Mr Kornienko said: "It's up to us to decide what questions should be made publicly or through diplomatic channels or otherwise."

The deputy foreign minister said Moscow had not received a formal reply through diplomatic channels from Mr Reagan rejecting the test ban plan.

"We would like to hope that Mr Reagan has not said his final word."

Soviet agricultural policy, Page 3

THE LEX COLUMN

Allied drinks Canada dry

Whatever else may have been going on in Toronto over the Easter weekend Allied Lyons was busy negotiating the largest overseas takeover bid by a UK industrial company.

Though the £1.25bn purchase of the Hiram Walker spirits business may be just the strategic springboard that Allied has needed – in order to shoot it out with a revamped Distillers and Seagram in the international drinks game – it probably counts for more that Allied is swallowing the largest size in anti-takeover pills.

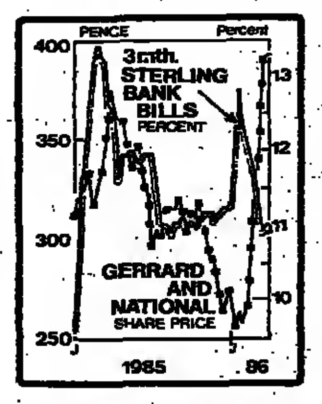
The deal is also a huge piece of transatlantic back-scratching. Where Allied has Elders IXL at its back, Hiram Walker Resources is threatened by a partial offer from Gulf Canada. Selling the drinks business to Allied is Hiram's means of financing a defensive counter-offer for its own shares. Apart from the C$2.4bn which would come in on completion, Hiram has been able to extract C$200m front-end equity from Allied, which figures as a minority shareholder in Fingas, Hiram's cannibalisation vehicle.

So far as Gulf is concerned a Hiram Walker with a bundle of cash rather than a drinks division might be no less attractive. The sale merely replaces one crown jewel with another. But much depends on how many shares Fingas manages to buy, and what it does with them.

Although cancellation might increase Hiram's asset backing it would also give a greater voting weight to the outstanding shares held by Gulf and its friends. So unless Gulf raises its offer higher than the Fingas C$40 level it seems more likely that Fingas will become the receptacle for a controlling interest in Hiram.

In the market yesterday a quick mover could get C$37 for shares in Hiram – roughly discounting the benefits of an offer at C$40 for 40 per cent of the equity.

The static profits record of the Hiram spirits division over the last few years suggest that it has been run more for cash than for dynamic brand development. At a touch under 16 times historic earnings, Canadian Club and its stable mates are not coming at a discount. Indeed, Allied's boast that it can finance the purchase without earnings dilution will take some careful financing to make good, and a version of Allied's earnings which takes the most puritan view of property profits – thus raising its own multiple.



It is possible that there will be gains from joint distribution of Ballantines (Hiram) and Teachers (Allied). But the joint marketing record should not cause either Guinness or Argyll any loss of sleep.

Allied is intending to become a great deal larger, and that much more indigestible to Elders. Earnings are unlikely to grow any the faster for the addition of Hiram, even if an 18p fall in the share price to 305p looked more like the dropping of a bid premium than a revision of earnings estimates.

But perhaps the defeated applicant for DCL could work something out with Mr Elliott.

Discount houses

Silk top hats do not come cheap, and the price of discount houses has risen sharply as well.

While it never seemed right to value such businesses on an earnings multiple – given the houses' ability to make or lose millions on the toss of a coin – asset values are pretty volatile too.

Thanks to the fall in interest rates the houses have had a first quarter like the good old days with the consequent uplift in assets. Of the two live takeovers for Smith St Aubyn and Clive one bidder has been gazumped and in the other an arbitrageur, in the shape of Mr Robert Maxwell, has entered.

A small premium to updated asset values is now regarded as the minimum discount house price.

But prices could yet rise even higher. The conventional wisdom is that post-Big Bang any primary dealer in the gilt-edged market should be able to make markets in the full range of maturities from one day to infinity, and only discount houses have the experience at the short end.

Even though the number of potential primary dealers is beginning to dwindle there are not nearly enough independent discount houses to go round and the three in the first division would put an even higher price on their freedom.

Fortunately there is an alternative. Primary dealers will be able to join the exclusive circle of market makers in short-dated paper which are allowed to deal direct with the Bank of England if they can pass the usual tests and show a two-year track record of practising the art apart from the Bank.

The premium price of a discount house may then be said to equal the cost of dealing with the Bank from now till then. But as the houses complain that there is little margin in that business, perhaps the price is too high.

Slough Estates

As 41 years of consecutive profits growth might suggest, Slough Estates is a reliable sort of company, but it is still not easy to value. Opinion divides about the relative importance of the group's asset value, on which basis the shares look a touch expensive, and its earnings stream, the strength of which would justify a more ambitious rating. Yesterday's preliminary statement provided ample support for both points of view.

Pre-tax profits have risen by a respectable 14 per cent to £39.5m with the effect of adverse exchange-rate movement almost precisely offsetting an exceptional investment gain. The underlying growth in rental income is strong and by the end of this year Slough should be seeing real benefits from its thrust into property trading. A prospective multiple of not much over 12 and a yield on 1986 dividends of about 5¾ per cent are hardly demanding given the quality of Slough's industrial portfolio. But yesterday's share price of 183p represented a discount of only 19 per cent to fully diluted net asset value, which rather limits the scope for rerating. Even allowing for currency translation, which knocked about 8p off net assets per share, Slough's valuation surpluses were nothing to write home about. But yields in the UK industrial market appear to have stabilised so, if rental growth holds up this year, the company's valuers may deliver a more encouraging message 12 months from now.

Spot oil prices fall below $10

Continued from Page 1

the Senate Energy Committee, said he saw no need to step in and help the US energy industry.

Before the Easter break, Brent crude prices ranged between $10.80 and $12, but on Monday Dr Mana Saeed Otaiba, the United Arab Emirates' Minister, warned that prices could fall to between $8 and $5 a barrel, and this was taken by the oil markets oo both sides of the Atlantic as a statement by the Organisation of Petroleum Exporting Countries (Opec).

Opec ministers are due to meet on April 15 in Geneva but Gulf ministers such as Dr Otaiba feel that such a meeting may well be pointless unless Opec gains solid commitments to cut oil output from non-Opec producers. However, Dr Abdulhady Kandil, Egypt's Oil Minister, said yesterday that he doubted such co-operation was possible and added that "Opec talks much and does little."

● George Graham in London writes: World bond markets surged yesterday as the prospects of lower inflation received another boost from falling oil prices.

Bofors wins $1.14bn arms order

Continued from Page 1

Germany and Austria. In the last round the choice was between Bofors and Sofma of France.

Mr Anders Carlberg, managing director of Nobel Industries, said yesterday that the company had received the fullest "moral support" from the Swedish Government in its negotiations with the Indian authorities. "They have supported us all along," be said.

Mr Olof Palme, the Swedish Prime Minister who was assassinated at the end of February, bad established close relations with Mr Rajiv Gandhi, the Indian Prime Minister. Both were leaders of the so-called Five Continents Initiative which is urging the superpowers to reduce their nuclear arsenals. Sweden's status as a neutral country has helped to provide a political basis for the deal. Mr Gandhi was one of the main speakers at Mr Palme's funeral in Stockholm two weeks ago.

Neither Bofors nor the Swedish Government would release financial details of the deal, but it is clear that Bofors has been successful in its efforts to gain comprehensive state credit guarantees for the deal.

The Foreign Trade Ministry "categorically denied" that any soft credit or grants were involved in the financial package. It said that the credits bad been arranged "strictly within the limits of the OECD consensus terms," even though the consensus agreement does not specifically cover arms deals.

Mr Carl Joban Aberg, State Secretary for Foreign Trade, said: "We have never before seen any contract of this size. It is unique. Arms deals are usually cash contracts, often with substantial prepayments. It is only recently that credit has been used in arms deals."

The order comes at a vital moment for Bofors, which had issued a warning of far-reaching redundancies in its armaments operations. The order for India is now expected to provide Bofors and its subcontractors with work for 2,000 to 3,000 employees over the next five years.

Supplies will start almost immediately and deliveries will continue over the next five years. One of the reasons that Bofors won the contract was the early delivery times it could offer, and it became clear yesterday that Bofors had gambled heavily on winning the order and had already started manufacturing the first howitzers some months ago.

The main subcontractors are Swedish and include Saab-Scania, which will provide the towing vehicles, and Philips, Elektronik Industrier, which will deliver the sight system.

Swedish arms exports are covered by tight government controls and the Social Democrat Government ran into immediate criticism for supporting the deal. The Social Democrat Party's youth wing said the deal was "morally reprehensible."

The Swedish Peace and Arbitration Association, which has succeeded in triggering an official inquiry into what it claims to be illegal arms exports by Bofors, said the deal was "incompatible with a credible Swedish peace policy." It said that for several years Sweden's biggest defence contractor would be "dominated by the production of guns for India's arms race with Pakistan."

The Nobel Industries share price rose sharply yesterday when trading was resumed after the trading halt requested by the company last Wednesday. The free shares jumped by SKr 55 to close at SKr 485, while the restricted shares rose by SKr 35 to SKr 465.

EEC warns Washington over trade

Continued from Page 1

to understand in the light of actual circumstances.

From the Community point of view, the US is at fault because it has not agreed to take part in a Gatt working group to work out compensation for the effects of Community enlargement. The US says it should have been consulted before enlargement.

Further, the Community argues, the benefits of Community enlargement to US trade, because of the gradual lowering of Spanish and Portuguese tariffs to the Community level, will be greater than the mere hindrance of essentially transitional restrictions.

The US claims the benefits are exaggerated by the Community and, what is more, they will be long-term, while the restrictions have a negative effect immediately on what is a vital section of American farm trade.

World Weather

Readings at mid-day yesterday: C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Allied-Lyons in C$2.6bn spirits deal

Continued from Page 1

Allied will make an initial payment of C$200m in cash but will decide later on the extent to which it uses shares or cash to finance the deal. It hopes to reveal more details of the financing when it asks for its shareholders' approval for the deal in a few weeks time. However, final details may only be made known nearer the expected completion date in September.

Sir Derrick said the purchase would not be allowed to dilute existing shareholders interests though some analysts said this would mean Allied could issue very few shares.

If Allied issues more shares, it would increase its market capitalisation, currently around £2bn, and become an even larger mouthful for Elders to swallow. Elders, a far smaller company, was already committed to borrowing £1.2bn of its original bid.

If Allied borrows to pay for Hiram in cash, it would make Elders bankers less willing to increase their own lending to Elders.

Hill Samuel, Elders' London merchant banker, said it would wait until full details were available of the deal before deciding on its response.

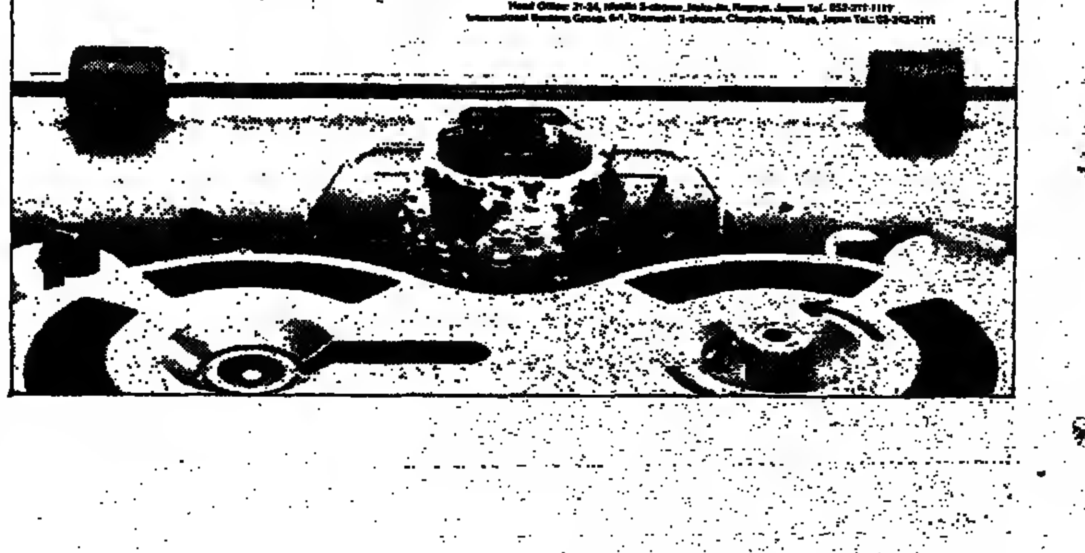
Mr Christopher Roshier, a Hill Samuel director, said: "This seems to be a bell of an acquisition to make after 10 days. One wonders how carefully they have thought it over. Wine and spirits has not been Allied's most successful division and they are paying a lot of goodwill for Hiram."

"Elders won't be able to afford the extra £1bn this deal could add to Allied's market value," said one British analyst.

Allied's shares fell 24p to 301p reflecting the markets belief the Elders' bid would not be renewed.

In Toronto, Mr Jim Doak, an analyst with First Marathon Securities said the disposal of Hiram Walker's spirits division "would leave Gulf with the corporate deal and head office."

Analysts wondered how much more profit Allied could squeeze out of Hiram Walker's drinks business than the existing owners. On this would hinge the success of the deal.



SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday April 2 1986

Ashland Oil buys back Belzberg stake at premium

BY WILLIAM HALL IN NEW YORK

CANADA'S Belzberg family has dropped its $1.8bn takeover bid for Ashland Oil, the biggest independent refiner in the US, in the face of fierce opposition from Ashland and its supporters in its home state of Kentucky, where it is the biggest employer.

Vancouver-based First City Financial, the main financial vehicle for the Belzberg family, said yesterday that it had decided to sell its 9.2 per cent stake in Ashland back to the company at $51 per share. The family has agreed not to buy any shares in Ashland for the next 10 years.

The Belzbergs say the decision to sell had been taken "in light of the uncertainties created by Kentucky's recently passed anti-takeover legislation and the unwillingness of Ashland Oil to enter into a friendly transaction on the basis proposed by First City."

Ashland Oil shares, which had risen to $56 following last week's offer of at least $60 per share from the Belzberg family, fell sharply for the second day running yesterday and by midday, were being quoted at $48⅞, down $2⅞.

Although Ashland Oil has agreed to buy back the Belzberg stake at a premium to yesterday's share price, the move marks a major victory for the company, which has long been regarded as a takeover target.

Ashland's board, which had to approve the buyback of the Belzberg stake, was scheduled to meet yesterday evening. The company said yesterday that the management expects to submit to the board additional proposals, including possible restructuring, which, if adopted, could affect shareholder values.

Oil profits fall by 32% in Venezuela

BY JOE MANN IN CARACAS

WEAK DEMAND and falling prices on international oil markets have brought a 32 per cent decline in 1985 net profits at Petroleos de Venezuela, the state oil monopoly.

Earnings dropped from $2.6bn to $1.77bn last year, while revenues fell from $15.9bn to $14.8bn.

Exports of Venezuelan crude oil and refined products during the first quarter of 1986 averaged 1.35m barrels per day (b/d) at around $18 per barrel. The Government's original goal was to export 1.41m b/d this year at $24.50 per barrel. Exports are currently running at below $18 a barrel.

The company made investments of $2.04bn last year, compared with $1.94bn in 1984. These investments covered a new natural gas liquids plant in eastern Venezuela, the Nurgas east-west gas pipeline and other projects.

Most of the national oil industry's income – about 67 per cent – goes to the Treasury in the form of taxes and royalties.

Nike recovers at 9 months

NIKE, the leading US sportswear manufacturer, returned to profit in its third quarter with a surplus of $11.49m or 30 cents a share against a loss of $2.12m or 6 cents in the corresponding period a year earlier. Sales [illegible] from $220.7m to $258.7m. The turnround brought nine-month profits up to $45.49m or $1.19, a share compared with a profit in the corresponding period of $3.51m or 9 cents.

Dome back in profit after 3 years

By Bernard Simon in Toronto

DOME PETROLEUM, the debt-laden Canadian energy producer, posted a small profit of C$7m (US$5m), or 2 cents a share, in 1985 after losses of C$1.7bn in the previous three years. The 1984 loss was C$197m, equal to 4 cents a share.

The latest results do not reflect the recent slump in oil prices, which has already led Dome to ask its 56 lenders to postpone interest and principal payments on a large segment of its C$6.3bn debt. The rescheduling proposals were made when oil was trading at about US$18 a barrel, and bankers are concerned that the further drop in prices since then will force Dome to request further concessions.

Mr Howard Macdonald, chairman, said that "the current oil price situation will have a significant negative impact on 1986 results."

Dome ascribed its improved performance last year to higher income from crude oil, natural gas and natural gas liquids operations, and lower financing costs and foreign exchange expenses. Operating income rose from C$795m to C$847m. Revenues were virtually unchanged at C$2.44bn.

The company's cash reserves more than doubled to C$466m at the end of last year, but these are insufficient to offset the impact of lower oil prices.

If lenders fail to endorse proposals to curtail interest and principal payments by April 30, Dome plans to implement them unilaterally and to seek waivers or extensions of debt due after that date.

Separately, Dome Petroleum's affiliate Dome Mines reported net 1985 income of C$12.2m or 15 cents a share compared with a C$25.7m loss, equal to 36 cents a share, the previous year.

Revenues rose by 21 per cent to C$260.6m. Gold output increased from 430,700 oz to 486,300 oz. Dome Mines is Canada's largest gold producer.

CANADIAN FARM MACHINERY GROUP SET FOR THIRD MAJOR RESTRUCTURING IN FIVE YEARS

Massey-Ferguson heads for fresh fields

BY BERNARD SIMON IN TORONTO

MASSEY-FERGUSON shareholders took less than half the alloted time at meetings in Toronto last week to ratify a sweeping plan for restructuring the balance sheet and operations of the ailing farm equipment and industrial machinery company.

Most apparently realised that they had little choice but to go along with the proposals made by MF's directors. As one shareholder remarked, "we've got to bave faith."

The plan includes an exchange of class A and B preferred shares – many of them held by members of the public – for a big chunk of new common stock; the conversion of almost balf the company's US$764m debt into equity; and the hiving off of the loss-making combine harvester business into a new company in which MF will have only a 40 per cent interest.

Negotiations with MF's 140 lenders, which include the governments of Canada and Ontario and Britain's Export Credits Guarantee Department, are expected to be finalised within the next month or so.

The Canadian Government and nther lenders will own 60 per cent of the new Massey Combines Corporation. In return, MF bas agreed – among other things – to maintain its world beadquarters in Ontario, even thougb Canada now accounts for only 6 per cent of the 139 year old company's sales.

MF's cheerful chairman Mr Victor Rice is confident that the latest restructuring, the third in five years, will give the company a new lease of life, rather than a mere reprieve from the unremitting crisis which has brought North America's farm equipment industry to its knees. Observing that MF bas recently been "all but powerless to overcome mounting problems," Mr Rice says that the time bas now come "to get excited about our corporate opportunity, not our infirmity."

Had the recovery plan been in place last year, MF would bave posted net earnings of US$36m on sales of US$937m in the nine months to October 31. Actual income was just US$600,000 on sales of US$1.1bn.

With the excision of the combines business and a vastly improved debt-to-equity ratio, Mr Rice says MF is free to pursue a strategy of lowering its dependence on the volatile farm economy.

It plans to do so by broadening its industrial business, currently based on Perkins diesel engines, Pacoma hydraulic components and other machinery.

The North American combine harvester market, once among the most profitable parts of the farm equipment business, has shrivelled from a peak of 41,100 units in 1978 to an estimated 10,000 units this

Victor Rice: Massey's cheerful chairman

year. The industry currently operates at 25 per cent of capacity and dealers bold enough inventory to supply the market for a year.

Combines bave recently made up about 12 per cent of MF's sales, but the combines division has lost close to US$100m in the past two years. According to a recent circular to shareholders, "the company believes that there bas been a fundamental change in the North American combine industry and that a return to the former level of demand is unlikely."

MF's main strength in farm equipment lies in tractors. With 9,000 dealers and distributors, it claims an 18 per cent share of the world tractor market, including the leading position in the Third World.

Tractors and related machinery still make up more than half of the company's total sales. But the centre of gravity in its remaining farm equipment business is moving from manufacture to distribution. MF already buys its small tractors from the Japanese company, Toyosha. It distributes but does not make small combines for the European market.

The company is also withdrawing from manufacture of farm implements, preferring to use its extensive dealer network to distribute the products of other manufacturers.

One example of the shift of emphasis is the arrangement with Massey Perkins of Brazil in which MF relinquished control two years ago. MF has reduced its shareholding to 37 per cent but it retains exclusive export rights for the Brazilian plant's output.

In contrast to the languishing farm equipment business, diesel engine sales have recovered from US$72m in the three months to October 31 1984 to US$80m last year. MF makes Perkins engines in Britain, France and Australia, and has minority interests or licensing agreements with manufacturers in nine other countries.

The diesels business took a significant step forward when MF bought the Rolls-Royce engine division from Vickers, the British engineering group, two years ago.

Mr Rice sees the Rolls-Royce deal as a model for future acquisitions. MF was able to overcome its financial plight by putting up less than US$2m in cash of the US$30m purchase price.

The rest was financed by a leveraged buy-out, in other words, borrowings secured by Rolls-Royce's assets.

MF's trump card in its search for further acquisitions is the huge tax benefit of losses accumulated in the US, Canada and Britain. These carryforwards, described by Mr Rice as a "significant unrecorded asset," amount to close on US$1bn.

They can be used to shelter the profits of acquired companies for several years.

One likely area of future expansion is components, currently produced by a plant at Eschwege, West Germany. Sales of MF's hydraulic cylinders and valves, chains, gears, clutches and other components were higher in the nine months to last October than in the entire 1984–85 fiscal year.

Construction and manufacturing applications account for more than three-quarters of the Eschwege plant's output. The components business thus enables MF to broaden its horizons. But it remains a small part of its overall activities for the time being – and could turn out to be as unpredictable as the farm machinery market.

Roussel posts 15% increase

By Our Paris Staff

ROUSSEL-UCLAF, the French pharmaceutical group 54.4 per cent owned by Hoechst of West Germany, saw a 15 per cent rise in its consolidated group earnings to FFr 519m ($72.8m) last year from FFr 453m the year before.

Cash flow also rose to FFr 1.15bn last year from FFr 872m in 1984, while sales increased to FFr 11.8bn from FFr 10.87bn. The parent company reported higher net earnings of FFr 421m last year

Steinberg buys more of Frank B. Hall

BY OUR NEW YORK STAFF

MR SAUL STEINBERG, the New York financier, has invested another $85m in Frank B. Hall, the third biggest US insurance broker, which lost $190.5m in 1985 and has bad its accounts qualified.

Frank B. Hall had said earlier this year that it was holding discussions with Mr Steinberg's Reliance Insurance regarding an extra capital injection and had warned that its fourth-quarter results would include additional write-offs for discontinued operations.

In the third quarter, Hall reported a $95m after-tax loss following the establishment of additional reserves to cover its losses on the sale of its Jartran truck rental subsidiary and the termination of its insurance underwriting operations.

In the latest quarter Frank B. Hall bad a loss from discontinued operations of $900,000 and a loss on disposal of discontinued operations of $85m. For the full year, the group earned $9.6m from continuing operations compared with $7.7m in the previous year.

The company says that "as a result of material uncertainty arising out of the discontinued operations of its subsidiary, Global Surplus Insurance Services," its accountants have issued a qualified report.

Mr Steinberg's latest investment means that he will control 48 per cent of Hall's equity if he exercises the warrants he has been granted. In the latest transaction, Reliance bought 2.19m common shares, warrants to purchase an additional 4m shares and 500,000 shares of Hall's exchangeable preferred stock.

CHANGE OF GOVERNMENT SPARKS WAVE OF HOSTILE BIDS

Takeover fever grips Paris

BY PAUL BETTS IN PARIS

TAKEOVER fever has gripped the bourse and Paris financial circles for the first time in four years, with a series of hostile bids against a number of French companies, ranging from the insurance business to the food and retailing sector and car components field.

The climate on the bourse has been one of growing excitement in recent days with stock market indices reaching record highs. The victory of the right in the legislative elections and prospects of privatisation and greater deregulation in financial markets have contributed to the euphoria. Reactions to the Government of Mr Jacques Chirac have been positive.

Considerable attention is now focused on the right's commitment to privatise nationalised industrial and financial groups, but stockbroking and banking sources in Paris suggest that initially most takeover activity will occur on the fringes of the groups to be privatised.

"There is considerable interest both in France and abroad in companies in the French food sector as well as for companies on a relatively smaller scale than the big nationalised groups. These companies have become attractive takeover targets," explained a leading French banker just back from a visit to Wall Street. "The Americans and other foreign interests are clearly looking at the denationalisation prospects. But they are essentially expected to treat these groups as paper investments or placements," he said.

Major foreign financial institutions and investors are expected to take stakes in privatised French groups but few, if any, will gain controlling stakes. It is anticipated the French Government will include in its privatisation plans restrictions on the level of foreign ownership in newly privatised companies.

Although the new prime minister has said privatisation was among the priorities of his Government, the right-wing administration appears likely to move cautiously on this front. Mr Camille Cabana, the minister for privatisations appointed by Mr Chirac, acknowledged in an interview in the right-wing Figaro Magazine that "technically several months will be necessary" to begin the denationalisation process.

Mr Cabana previously worked on privatising municipal services in Paris for Mr Chirac, who remains mayor of the capital as well as being premier. He must evaluate the amount of funds required for the acquisition of state groups "without unbalancing the French financial market," in his words. Mr Cabana also said privatisation would entail the sale of equity and that the Government was preparing fiscal incentives to encourage share purchases and investments. "The employees of the enterprises will also have opportunities to buy shares," he added.

One of the first steps in what is likely to be a gradual process of privatisation – the term is preferred to "denationalisation" in the vocabulary of the Government – could be the conversion into voting shares of the non-voting stock, or *titres participatifs*, of state groups. Nationalised groups were allowed to tap the financial markets by the former Socialist Government by issuing financial instruments carrying no voting rights. Mr Cabana suggests that the Government may encourage state groups to issue new shares and increase their capital as part of the privatisation process.

Many groups of French and foreign investors are known to have already set up "war chests" to seize the new opportunities privatisation would offer. But these funds will have to be large to gain any substantial stake in the various banking, insurance and industrial groups that the Government plans to sell.

The Bourse index has risen by 32 per cent since the beginning of the year, 13 per cent since the slender victory of the right in the March 16 elections, virtually doubling the estimated value of the state groups targeted for privatisation. The Observatoire Français des Conjonctures Economiques (OFCE), a private economic forecasting body, had estimated in January the total value of companies to be denationalised at FFr 145.4bn (US$20.7bn). Bankers and financial analysts now estimate the total at around FFr 220bn following the recent spectacular rise of the bourse.

For example, the value of the three large state insurance groups, UAP, AGF and GAN had been estimated by OFCE at FFr 22bn. An executive of one of the "big three" insurance companies said their value was now put at about FFr 43.15bn. Among banking groups, Paribas and Suez, whose worth OFCE bad estimated at FFr 11.7bn and FFr 6.9bn respectively, are now valued at between FFr 20 and FFr 25bn each. In the industrial sector, Rhône Poulenc, the state chemical concern, is now said to be worth between FFr 12bn and FFr 13bn compared with earlier estimates of FFr 5.4bn, while the Pechiney aluminium group is assessed at FFr 10bn instead of an earlier estimate of FFr 4.1bn.

As the market for privatisation simmers, activity bas focused on other sectors offering attractive takeover prospects. The combination of the return of the right and the deregulation of financial markets launched by the previous Socialist administration has encouraged a clearly more aggressive approach to the French market by domestic and foreign investors than in the recent past.

Even before the elections, Mr Carlo De Benedetti, the chairman of Olivetti, took the lead by making a hostile bid for a large stake in Valeo, the leading French car components group. The Italian Ferruzzi group also increased its stake in Beghin-Say, France's biggest sugar group, to nearly 50 per cent.

At the same time, an increasing number of hostile takeovers by French groups for other French companies has mushroomed. It started with a major takeover battle for the Providence insurance company. Also Mr Maurice Bidermann, a leader in the French clothing industry, has been seeking control of Radar, the retail group which owns supermarkets and the Aux Trois Quartiers department store in Paris.

However, the food sector is currently providing one of the greatest sources of interest. BSN, the country's largest food group, has taken a 15 per cent stake in Générale Biscuit, France's leading biscuit manufacturer. BSN claimed the move was designed to prevent "any foreign intrusion" in the biscuit maker's capital. But equally, there is speculation that BSN itself may be the target of share acquisitions by foreign interests.

These rumours of foreign purchases of BSN shares sent the food group's share price 8 per cent higher in one session, while Générale Biscuit shares surged 18.7 per cent on the same day. The activity around BSN and Générale Biscuit has had a ripple effect on other food and drink stocks, including Perrier, the sparkling water company, and Pernod-Ricard, the drinks group, which has been at the centre of takeover speculation for some time. "It looks like a sitting duck," remarked a French banker. He added that Lesieur, the edible oil group, was also seen as an eventual target for a bid by a foreign or multinational group.

The activity in the food and drinks sector has been reinforced by the takeovers in the US and the UK in this field. French analysts see some of these large US and European groups turning their attention to the French market where opportunities are now likely to emerge in the new climate of economic liberalism engendered by the new Government.

This sudden explosion of takeover fever is worrying French administration officials concerned about the longer term impact these takeovers could have on Frencb national interests. But it is difficult to see bow the new Government can justify blocking the emerging takeover wave after extolling in recent months the virtues of free market economics.

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1	1233	1888	2642	3259	4001	4603	5298	5926	6666	7380	8092	8890	9634	10256	10948	11607	12349	13110	13797	14487	15240	15956	16657	17349	18145	18874	19665	20397	21097	21888	22563	23290	24023	24805	25552	26246	26965	27727	28441	29169	29906
4	1239	1891	2655	3376	4004	4606	5300	5935	6675	7381	8095	8892	9637	10268	10955	11608	12350	13115	13801	14489	15249	15967	16658	17358	18147	18875	19667	20401	21104	21891	22564	23281	24030	24806	25557	26258	26988	27731	28449	29176	29916
12	1241	1897	2658	3377	4014	4610	5301	5936	6676	7364	8100	8893	9638	10270	10958	11614	12351	13118	13806	14493	15252	15969	16663	17362	18154	18877	19669	20409	21107	21892	22571	23284	24041	24809	25569	26263	26989	27735	28455	29177	29922
20	1242	1895	2659	3378	4016	4611	5302	5939	6680	7365	8109	8895	9640	10274	10964	11617	12362	13128	13807	14503	15255	15975	16664	17373	18156	18879	19672	20411	21117	21893	22573	23287	24053	24815	25572	26265	27000	27740	28459	29178	29928
30	1243	1897	2661	3379	4018	4612	5308	5941	6684	7389	8110	8914	9641	10276	10974	11622	12363	13129	13808	14508	15265	15976	16670	17378	18160	18891	19683	20412	21127	21898	22578	23288	24057	24817	25578	26269	27002	27744	28461	29184	29935
32	1252	1906	2663	3393	4019	4615	5309	5949	6686	7398	8111	8918	9652	10280	10975	11624	12369	13131	13810	14511	15268	15992	16679	17384	18162	18893	19689	20413	21128	21899	22579	23314	24061	24825	25582	26270	27003	27750	28462	29188	29939
34	1254	1907	2671	3396	4022	4619	5314	5956	6688	7400	8118	8919	9653	10282	10979	11655	12374	13133	13815	14515	15272	16006	16681	17394	18169	18900	19692	20414	21131	21901	22591	23315	24062	24827	25583	26278	27005	27754	28464	29200	29943
36	1262	1908	2686	3398	4024	4626	5328	5958	6689	7407	8128	8932	9654	10288	10983	11657	12377	13134	13815	14522	15273	16017	16687	17411	18176	18901	19697	20421	21135	21911	22593	23323	24064	24828	25589	26283	27026	27756	28473	29202	29944
37	1271	1910	2693	3399	4028	4627	5331	5963	6704	7410	8129	8943	9659	10295	10984	11669	12381	13135	13817	14524	15277	16019	16688	17419	18178	18912	19705	20422	21138	21914	22595	23327	24076	24830	25594	26284	27028	27757	28476	29205	29946
44	1272	1919	2695	3402	4029	4629	5337	5970	6714	7417	8132	8950	9665	10303	10985	11676	12382	13150	13820	14531	15284	16022	16696	17423	18179	18923	19714	20424	21153	21928	22597	23341	24084	24835	25599	26288	27029	27766	28477	29206	29948
52	1274	1921	2697	3409	4034	4645	5342	5976	6719	7426	8140	8952	9669	10309	10992	11680	12390	13153	13822	14534	15289	16024	16699	17424	18182	18928	19715	20431	21154	21930	22599	23355	24091	24838	25601	26291	27030	27769	28490	29208	29949

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Soriano group buys back 30% stake in San Miguel

BY SAMUEL SENOREN IN MANILA

THE SORIANO group which founded San Miguel, the Philippines' largest food and beverage enterprise, yesterday paid 3.3bn pesos ($165m) to buy back the 30 per cent interest in the company it had sold in 1983 to an investment fund set up by ousted President Ferdinand Marcos.

The transaction, which involved the transfer of 33m shares in San Miguel, was the largest ever effected on the Manila Stock Exchange. It signalled a return of business confidence under the new Government of President Corazon Aquino who toppled Mr Msrcos in February.

The acquisition was funded by a syndicate composed of Hongkong and Shanghai Bank and two local institutions — Bank of the Philippine Islands and Metropolitan Bank—which provided the down-payment of 500m pesos. The balance is to be paid in instalments.

The shares were bought back from 14 holding companies which had acted as fronts for the Coconut Industry Investment Fund, controlled by Mr Eduardo Cojuangco, a close business associate of Mr Marcos. Mr Cojuangco was until last week chairman and chief executive officer of San Miguel.

The Coconut Fund, which is technically owned by the Philippines' 1.5m coconut farmers, was set up under the instigation of Mr Marcos in 1973—s few months after he declared martial rule—out of the proceeds from a levy assessed on exports of cocount oil.

The fund was meant to finance an industry-wide rehabilitation programme.

The Soriano group now effectively controls San Miguel which has annual revenues in excess of $500m with a reported net income of $21m in 1984.

Mr Andres Soriano III, 35-year-old heir of the Soriano family took over as chairman and chief executive officer from Mr Cojuangco, who fled with Mr Marcos to exile in the US in February.

Unveiling the Marcos connection

FINDINGS BY the Government of President Corazon Aqnino that deposed President Ferdinand Marcos and his family owned extensive holdings in a numher of large and highly profitable companies in the Philippines have confirmed what many Filipinos had suspected all along—that since he imposed martial rule in 1972, Mr Marcos had set up a secret business empire through a small group of trusted associates.

At least two dozen companies—some with foreign partners—have had their shareholdings frozen by the Aquino Government on suspicion that they are at least partly owned by the Marcos family.

They include two of the country's largest utilities, Manila Electric Company (Meralco) and Philippine Long Distance Telephone Company (PLDT). Meralco last year ranked sixth among Philippines companies in terms of sales with $550m while PLDT was 11th with $220m.

Although Meralco registered a loss in 1984, PLDT has been a consistent profit earner.

Mr Marcos used a systematic approach in running his secret empire, dispensing favour and parcelling out areas of interest among his associates to avoid conflict.

Among the associates who played key roles in building Mr Marcos' business empire were Mr Roberto Benedicto, a law school classmate who controlled the sugar monopoly and the communications sector; Mr Eduardo Cojuangco, who dominated the coconut industry and large-scale agriculture; and Mr Benjamin Romualdez, brother of Mrs Imelda Marcos.

To enhance their status in the international business community, Mr Marcos appointed all three ambassadors. They and most nf the other key players have fled the Philippines.

The Aquino Government's anti-corruption commission has now revealed associates who played key roles in building the Marcos business empire. SAMUEL SENOREN reports

The Presidential Commission on Good Government, an anti-corruption body formed by Mrs Aquino to retrieve Mr Marcos' assets, has sequestrated shares, properties and hank accounts of Mr Marcos and his associates worth about $150m.

Reports that Mr Marcos owned shares in every major hlue chip in the Philippines have led company directors to review the list of their shareholders and indentify who were "fronting" for the deposed President.

The anti-corruption commission has identified Mr Benedicto as Mr Marcos's front in at least five communications companies which had foreign partners.

These include Eastern Telecommunications where Mr Marcos was confirmed as owning a 24 per cent interest along with Cable and Wireless of the UK which had 40 per cent and the Philippine Communications Satellite Corporation (Philcomsat) where he had a 40 per cent interest worth some $30m.

Listed as principal foreign partners in Philcomsat were General Telephone and Electronics of New York and Plessey of the UK.

Other companies where Mr Benedicto was allegedly a front for Mr Marcos were Domestic Satellite Corporation, Radio Philippines Network, and Mivico. Maruheni, the Japanese trading house, was listed as a foreign partner in all three.

It is possible that foreign investors in the sequestered companlea were not aware thst Mr Marcos was their silent partner. The president of Eastern Telecommunications, Mr Manuel Nieto, who was a former Philippine ambsssador to Spain, has said that Cable and Wireless did not know Mr Marcos held shares in the company.

The records of PDLT have not heen made public hecause the headquarters huilding has been closed hy a three-week strike. Elsewhere, though, companies are trading normally despite the sequestrations, which in effect prevent only a change in shareholding.

The change of control yesterday at San Miguel appears to have been treated as a special case. The Government had not acted to seize the holding of Mr Cojuangco before his replacement as chairman last week.

Minebea merges with affiliate to thwart bid

MINEBEA, A Japanese hall bearing maker, yesterday merged with Kanemori, its clothing affiliate, in a move which forms one aspect of its strstegy for thwarting a hostile foreign takeover hid, Kyodo reports from Tokyo.

The merger capitalises Minebea at some Y19.56bn ($109m) and provides the company with additional shares which it is to use in a US acquisition.

Trafalgar-Glen, sn Anglo-US financial services group, bsd filed a lawsuit contesting the merger. The Nagano district court dismissed the suit in a preliminary ruling on March 24.

Orient Leasing buys broker

ORIENT LEASING, Japan's largest leasing company, has moved into the securities business by acquiring 58 per cent of Akane Securities, a medium-sized hrokerage house, writes Yoko Shibata in Tokyo.

As deregulation gathers pace, banks and life insurance companies have been hnying into hrokers. However, this is the first such participation hy a non-financial institution.

Bank Leumi boosts profit

BANK LEUMI, Israel's largest commercial bank, hoosted net profits hy 18.4 per cent last year to US$55.3m, writes Lynne Richardson in Tel Aviv.

Assets contracted 11.5 per cent to $22.2bn, because of inflation and exchange rate variations. At least 60 per cent of the bank's halance sheet consists of foreign currency, mostly US dollars.

Siam Citizens suspended

THE Securities Exchange of Thailand has indefinitely suspended trading in Siam Citizens and Siam Citizens Leasing two affilistes of the PSA group, one of Thailand's major property, finance and energy conglomerates, writes Boonsong K'Thana in Bangkok.

This followed a sharp decline two weeks ago in the companies' share prices, after their failure to reach agreement on selling a 35 per cent stake to Australian Guarantee Corporation.

Hong Kong defends Exchange Fund use

BY DAVID DODWELL IN HONG KONG

SIR JOHN BREMRIDGE, Hong Kong's Financial Secretary, yesterday defended the Government's use of the secret Exchsnge Fund, equivalent to the national reserves of an independent country, to rescue or provide support for ailing banks.

Responding to mounting political criticism that public money was heing used without consultation for such rescues, he insisted that the Government had always followed a policy of "minimum risk" in which the interests of depositors are protected and confidence in the territory's banks maintained.

Controversy erunted last week following news that the Government bad guaranteed the contingent liabilities of Ka Wah Bank, perhaps amounting to HK$600m (US$76.7m) as part of agreement on a rescue mounted hy China International Trust and Investment Corporation (Citic).

Since late 1982, the Government has also drawn on the Exchange Fund to mount rescues of Hang Lung Bank, Overseas Trust Bank, and Hongkong Industrial and Commercial Bank, and has moved to defend Sun Hung Kai, Wing On Bank and Union Bank. These together amount to more than HK$5bn.

Sir John moved to douse speculation that the Exchaoge Fund might he seriously depleted hecause of these hank rescues. Even if all of the losses and contingent liabilities linked with all collapses since that of Hang Lung late in 1982 were aggregated into a worst-possible case, they would be less than the growth in surpluses on the Exchange Fund during the same period, he said.

"The surpluses of the Exchange Fund have been growing in spite of all the difficulties at a very satisfactory rate in recent years, and continue to do so," Sir John declared.

Demands for public consultation before recourse to the Exchange Fund were rebutted on the grounds that they would make a nonsense of bank secrecy, would make price-sensitive information public hefore shareholders could be informed of problems, and would cause delays at times when urgent action was necessary.

Faber Merlin plunges into the red in first half

BY WONG SULONG IN KUALA LUMPUR

FABER MERLIN, s Malaysian hotel, property and investment group, has revealed a further deterioration in its performance, incurring a pre-tax loss of 11.7m ringgit (US$4.6m) for the six months to December, compared with a previous profit of 15m ringgit.

The net loss rose to 13.2m ringgit compared with a loss of 1.3m ringgit. Turnover fell 29 per ceot to 79m ringgit.

The group said its results were adversely affected hy the sluggish conditions in the property market and "the continuing depressed trading conditions in the hotel industry and the high overhead costs" of its overseas hotels.

Interest charges soared to 15.7m ringgit from 5.9m ringgit. This was largely the result of its controversial purchase of a stake in New Straits Times Press from the Fleet Group for 142m ringgit in 1984.

Both Faber Merlin and the NSTP are controlled by the Fleet Group.

● Two other major Malaysian property groups have reported sharp falls in profits, because of soft conditions in the property market.

Pre-tax profits at Malaysian Resources fell 80 per cent to 5m ringgit on turnover wbicb was down 43 per cent at 70m ringgit for the year to December. Profit after tax was off by nearly 90 per cent to just over 1m ringgit.

At Metroplex, pre-tax profit for 1985 fell 30 per cent to 18.4m ringgit, on turnover whicb declined 17 per cent to 50m ringgit. Its after-tax profit was down by 42 per cent to 7.7m ringgit.

Neither group expects earnings to improve during the current year because of continued depressed market conditions. Malaysian Resources is paying a total dividend of 1 per cent (5 per cent previously), while Metroplex has yet to announce its final dividend.

Moët buys stake in radio and TV group

By Paul Betts in Paris

MOËT-HENNESSY, the leading French champagne and Cognac group, has acquired for FFr 230m ($32m) a 8.2 per cent stake in Compagnie Luxembourgeoise de Télédiffusion (CLT), the Luxembourg-based broadcasting group.

Moët-Hennessy, with estimated group sales of FFr 7.65bn last year, bought its interest from the French Hachette publishing group. Mr Jean-Luc Lagardère, the chairman of both Hachette and of the Matra defence and electronics group, indicated last month that he planned selling Hachette's 8.2 per cent stake in CLT when the publishing group acquired control of the Europe-1 broadcasting group from the French Government.

CLT, with its Radio Television Luxembourg subsidiary, is a direct rival of Europe-1. The main shareholders of CLT are now Havas and the Belgian Bruxelles Lambert group, Compagnie des Compteurs Schlumberger, Paribas and Moët-Hennessy.

Moët-Hennessy acknowledged yesterday that the stake in CLT was for the group a "first look" in the field of communications. The acquisition comes at e time of major changes in the French broadcasting sector as a result of deregulation and the launch of new television channels.

Cantrade banking group lifts net earnings 37 per cent

BY WILLIAM DULLFORCE IN GENEVA

CANTRADE, the Swiss private banking group, realised e 37 per cent increase in net earnings to SFr 32.3m ($17m) in 1985. Disclosing consolidated figures for the first time the group reported total assets of SFr 2.7bn and shareholders' equity of SFr 175m in its member banks.

Asset growth last year was about 5 per cent and would have been higher but for the decline in the dollar exchange rate. "Other liabilities," an item which includes latent reserves, increased by SFr 53m to SFr 314m.

The Cantrade group, in which Union Bank of Switzerland has the majority shareholding, comprises four private banks in Zurich, Geneva, Lugano and Jersey. Its operations focus on portfolio management.

It also has minority holdings in Dutch stockbrokers Knoppers-Bogaers-de Wit and London brokers Nivison Cantrade.

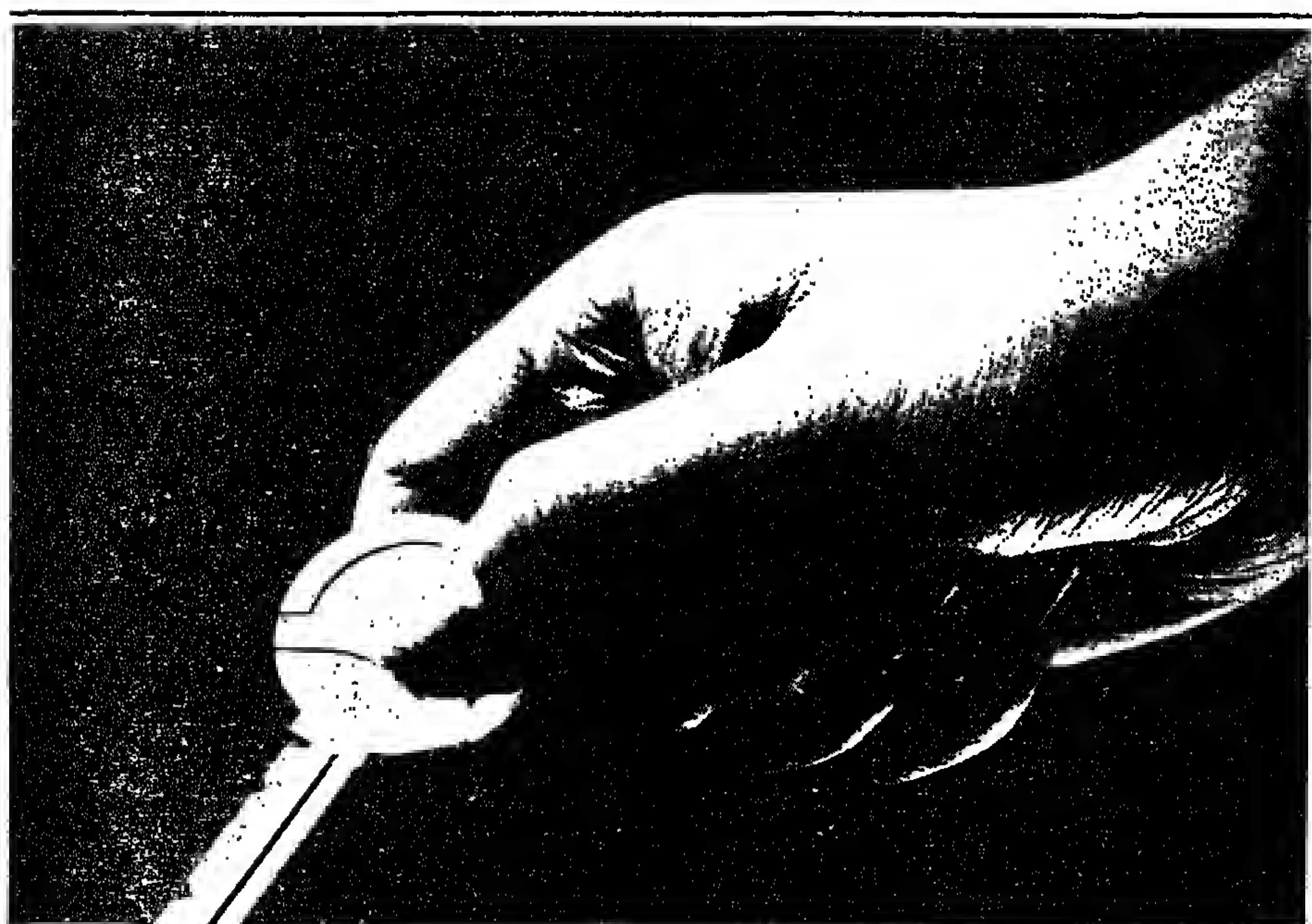
A fifth bank will shortly be established in Lausanne, said Mr Gerrit van Riemsdijk, the group president, who admits he is looking for openings in the US as well.

The group philosophy is to maintain a structure of small, independent banks, whose organisation does not feel "too heavy" for private investors, Mr van Riemsdijk explained.

Banque Cantrade AG in Zurich is the largest of the group with total assets at the end of last year of SFr 1.3bn and shareholders' equity of SFr 109m. Its 225 employees generated net earnings of SFr 18.2m in 1985.

A sister company in Zurich, Cantrade Participations SA, controls the three other banks. Banque Cantrade, Ormond, Burrus in Geneva has a staff of 60 and achieved average earnings growth of 15 per cent a year over the last five years, posting a net profit of SFr 4.8m last year.

The Ormond and Burrus private banking families still own 20 per cent of the Geneva bank, 80 per cent of whose clients are non-Swiss. It showed shareholders' equity of SFr 30m and total assets of SFr 218m at the end of the year.



Elkem 1985 Financial Highlights

	1985	1984
Turnover	8,156	7,855
Income before extraordinary items	306	526
Earnings per share (NOK)	22	37
Dividend per share (NOK)	7.50 (proposed)	8.50
Return on net assets	11%	16%
Price/earnings ratio	4.8	3.2

(All amounts in NOK million unless otherwise stated)

Operational Review

Group turnover increased by 4 per cent in 1985, to NOK 8.2 billion (£735 million). Elkem's silicon and ferroalloy businesses now account for 70 per cent of the company's turnover and Elkem is the world's largest producer of these metals and alloys.

Elkem is also an important producer of aluminium and is expanding its production facilities with the modernisation of the larger of its two aluminium smelters in Norway.

Elkem is developing and marketing technology and production equipment for the metallurgical industry. During the year, the company intensified its development of new products and processes through acquisitions and the application of new techniques.

Notice of Meeting

Elkem's Annual General Meeting will be held on Tuesday, April 22, 1986 at 2.00 p.m. at the company's Corporate Headquarters, Middelthunsgate 27, Oslo, Norway. The Agenda for the AGM includes the following business: Ratification of Elkem's income statement and balance sheet for 1985; allocation of the profit and declaration of the dividend for 1985; and submission of the Board's proposal concerning amendments to the Articles of Association resulting from the registration of the company's shares in the Norwegian Securities Service Center.

Annual Dividend

The Board has proposed a dividend of NOK 7.50 per share for the year ended December 31, 1985. The final dividend will be fixed and formally declared at the AGM.

Payment of the dividend will be made on May 26, 1986 to shareholders registered in Elkem a/s at the close of business on April 22, 1986.

To receive a copy of Elkem's 1985 Annual Report, please complete this coupon and return it to: Elkem a/s, Corporate Communications Dept., PO Box 5430, N-0304 Oslo 3, Norway.

Name__________
Address__________

Elkem

INTERNATIONAL COMPANIES and FINANCE

Former Morgan Stanley chief Agnew to head Isro in London

THE International Securities Regulatory Organisation (Isro), the self-policing body being set up by international securities houses in London, yesterday appointed Mr Jonathan Agnew, a British financial consultant and former banker, as chief executive, writes Alexander Nicoll.

Mr Ian Steers, Isro chairman, of the Canadian broker Wood Gundy, said he was "pleased to have got someone of the highest calibre." Mr Agnew would be well fitted to represent Isro's concerns to the Government and to other British regulators and market practitioners.

Mr Agnew, 44, is a former managing director of Morgan Stanley, the New York investment bank, and was previously a corporate finance director at Hill Samuel, the UK merchant bank. He has been a financial consultant in London since 1982.

Although Isro's eventual position will probably be as a self-regulator for international capital markets based in London, such as Eurobond and short-term money market instruments, its role currently is to present the international markets' position as a new regulatory structure for all London securities markets is formed.

Isro has thus been voicing the Euromarkets' concern about various aspects of the Financial Services Bill now before the British parliament.

Mr Agnew's job was advertised with a benchmark salary of £70,000 (about $103,000), but Isro declined to disclose his salary.

Men and Matters, Page 18

$250m facility for Telefonica

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

TELEFONICA, Spain's state-controlled telecommunications concern, is raising $250m in the Euromarkets through a ten-year loan facility.

Unusually Telefonica, which ranks as one of Spain's highest rated international borrowers, has itself selected a group of ten banks to lead the deal, instead of seeking bids from groups of banks under the normal syndication process.

This has opened the door for banks to participate which are not traditional relationship banks of the borrower.

The terms are thus exceptionally fine. They include an annual facility fee of 5 basis points for the first five years, rising to 6¼ points thereafter, and a maximum yield on Euronotes or bank advances of ⅛ per cent over the London interbank offered rate for Eurocurrency deposits (Libor).

Telefonica will also pay a utilisation fee of 3¾ points if between one-third and two-thirds of the back-up credit is drawn, and a fee of 7½ per cent for higher drawings.

The lead group comprises: Bank of Tokyo, Bankers Trust, Banque Indosuez, Banque Nationale de Paris, Chase Manhattan, Chemical, Credit Suisse, Dai-Ichi Kangyo, Dresdner and First Interstate. All of them will also be dealers in Telefonica notes as well as entitled to a place on the tender panel through which Euronotes will be auctioned.

Unlike Gaz de France, which met a market bristling with rancour and controversy last year when it syndicated a deal on its own, Telefonica has met a positive reception in the market.

Bankers say this reflects its appeal as a borrower which offers considerable ancillary business, though there remain some lingering worries that other, less prestigious Spanish borrowers might try to follow suit.

Curb on foreign holdings by Japanese funds lifted

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Ministry of Posts and Telecommunications has decided to remove a voluntary curb on investment in foreign bonds by postal life insurance and pension funds. As a result, foreign bond holdings by the funds for the year to April 1987 are expected to reach Y650bn ($3.7bn), double the figure in the year which has just finished.

A lack of investment opportunities in the domestic market, caused by the sharp fall of the long-term bond yield, was given as the reason for expanding investment in foreign bonds.

The Postal Life Insurance Fund totals—Y25,000bn and is the largest domestic institutional investor.

The fund started foreign bond investment in 1983, but it has limited this to 10 per cent of the total amount of the fund and 10 per cent of the annual increase in the fund. A regulation limiting foreign bond investment to 10 per cent of total assets, under the country's postal life insurance fund management law, will remain in place, however.

Tokyo relaxes controls on interest rates

By Our Tokyo Staff

THE JAPANESE Ministry of Finance has taken two further steps to free the capital market from regulation. First, it has reduced to Y500m ($2.8m) the minimum size of bank time deposits subject to interest rate control; rates on deposits of this size or larger will now be set by deposit takers at will.

The MOF's second move is to extend the maximum maturities of certificates of deposit and money market certificates to one year from the present six months, while at the same time allowing issuing banks to expand their outstanding issues of such paper to the equivalent of double their net worth as against one-and-a-half times net worth.

Liberalisation of interest rates — agreed between the Japanese and US Governments in the so-called Yen-Dollar Committee's meeting in June last year — began last October, when regulation was removed from deposits of Y1bn or more. Following this month's lowering of the ceiling on regulated deposits to Y500m, there will be further reductions to Y300m in September and to Y100m next spring.

The measures to extend the scope and flexibility of the CD and money market certificate as investment instruments should also expand the volume of funds offered in the money markets subject at variable interest rates. Such paper has been growing in popularity among Japanese investors precisely because rates are unregulated.

Two Japanese accountancy firms merge

By Our Financial Staff

TWO LEADING Japanese accountancy firms with international links are to merge. They are Tohmatsu Awoki, which is associated with Touche Ross International, and Sanwa, part of the KMG grouping. The merger firm, which will trade as Tohmatsu Awoki & Sanwa for international clients, will continue to work on behalf of both Touche Ross and KMG inside Japan.

The merger is said to be a response to the need for the Japanese accountancy profession to diversify its capabilities, due to stronger international influences and an increase in the number of Japanese companies going public.

Tohmatsu Awoki has 97 partners and a total staff of 734, acting for just over 1,000 client companies. Sanwa has 44 partners, a total staff of 256 and 541 client companies.

High prices in US prompt $300m of new straights

BY ALEXANDER NICOLL

THE EUROBOND market, returning from Easter yesterday, took a while to be persuaded that the high levels of US bond prices reached in Tokyo were not an April Fool's Day joke. But once convinced, it produced a $300m crop of new dollar straights late in the day.

The day also produced a continuing crop of issues in higher-yielding currencies such as sterling and Australian and Canadian dollars.

The mood was buoyant across the board on expectations of even lower oil prices and inflation, and on belief in a fairly accommodative stance at the Federal Reserve.

The Tokyo market took the bull by the horns and drove the US long bond price up above 122, London marked time, but New York added a further 1¼ points to its Monday level to be above 123. The recurrent theme of widening spreads between the New York and Eurobond markets was prevalent, as London price gains lagged behind with gains of one to 1½ points.

First into the dollar market was Schering Plough, the US pharmaceuticals and chemicals group, with a $100m 10-year bullet deal led by Merrill Lynch Capital Markets. The AA-rated borrower was launched at a spread, inclusive of fees, of 60 basis points over Treasuries. The coupon is 7½ per cent, with 99⅞ pricing. The issue was quoted just inside its fees.

Union Pacific issued $100m of 10-year bonds through UBS (Securities). The deal is callable from 1993 at 101½ and thereafter at declining prices. It was launched at a net margin over Treasuries of 50 basis points, which is seen as tight for a AA-rated borrower, albeit a fairly well-known name. The issue was priced at 99⅞ with a coupon of 7½.

The third issue was for Commerzbank, led by itself. It has a seven-year life and was priced at par with a 7½ per cent coupon. Both this deal and Union Pacific's were launched too late for a reliable level to be quoted.

There was no let-up in issuing activity in the Eurosterling market, which continued to benefit from changes in the British Budget which tend to drive UK investors into the Euromarkets, as well as from the strength of the gilt market.

Two Japanese banks made issues which aimed to capitalise on Japanese investors' readiness to make their first purchases of the new Japanese fiscal year, which began yesterday.

Nippon Credit Bank launched a £50m deal led by Kleinwort Benson. It has a seven-year maturity, and was priced at 101½ with a 9½ per cent coupon. Although Japanese demand was expected, as well as from the borrower's relationship banks, the issue was seen as tightly priced and it was just outside its fees.

Viewed as just as aggressive or even tighter was a £50m deal for Industrial Bank of Japan. Led by Morgan Grenfell, it has a five-year life and a 9½ per cent coupon with 101½ pricing.

Earlier in the day, Hanson Trust's issue of last week was increased from £100m to £150m, and a £500 deal was launched for Royal Trustco. Half of the latter deal with be in tap stock form. The initial half is priced at par with a 9½ per cent coupon and has a 5½ year life.

The D-mark Eurobond market saw the first issue on the DM 9.1bn April calendar, a DM 100m 10-year deal for First Interstate Bancorp. Led by CSFB-Effectenbank, it has a 6¼ per cent coupon and pricing of 100½, and appeared to be meeting a positive reception.

The West German market shared the enthusiasm seen elsewhere, with Eurobond prices up about a point in active trading and domestic bonds showing higher gains.

British Columbia sought to capitalise on a perceived resurgence of retail demand in the Euro-Canadian dollar sector with a C$150m deal led by Swiss Bank Corporation International. It carries a 9½ coupon and was priced at 101½.

The Australian dollar sector saw two issues: a A$40m deal for General Motors Acceptance Corporation led by Hambros Bank, with a three-year life, 12½ per cent coupon and 101 pricing; and a A$30m issue for Landesbank Rheinland Pfalz, led by Orion Royal Bank, with three-year life, 13 per cent coupon and 101 price.

Late yesterday Nomura International launched the only yen-denominated deal of the day. It was a Y25bn, 15-year Euro-bond for Dow Chemical carrying a 6½ per cent coupon and issue price of 101½.

In Switzerland, prices were unchanged to up ½ point on low turnover. PepsiCo's novel SFr 400m new issue, dubbed foreign investment payments securities, ended its first day's trading at 101 against a par issue price.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on April 1

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9⅞ 18	200	104⅜	105	+2⅞	+3	9.27
Atlan. Richfield 10⅝ 00	250	108	108⅝	+0⅜	+0⅞	5.18
Australia Com. 11⅜ 95	150	119	119⅝	+2⅜	+2⅛	7.95
Australia Com. 11⅞ 00	100	121⅞	121⅞	+2⅞	+3⅞	8.56
BP Capital 9½ 94	150	103⅞	103⅞	—	—	8.52
BP Capital 11⅞ 92	150	111⅞	111⅝	+1	+1⅝	8.53
Campbell Soup 10⅞ 95	100	114⅝	115	+1⅝	+2⅝	8.15
Canada 9 96	1000	105⅝	106	+1⅝	+2⅞	7.71
Canada 11⅞ 90	500	113⅝	113⅞	+0⅞	+1⅞	7.48
Canadian Pac. 10⅞ 93	300	114⅝	116⅝	+1⅝	+2⅝	8.72
CEPME 10⅞ 95	200	110⅞	111⅝	+1⅞	+2⅞	7.94
Citicorp 10 88	200	105	105⅞	+0⅝	+1⅞	7.49
Citicorp 10⅝ 95	200	103	104	+0⅞	+2	9.54
Credit Lyonnais 9 91	200	104⅞	105	+0⅝	+1⅝	7.78
Credit National 9⅞ 93	150	106⅝	107	+1⅝	+1⅞	7.83
Denmark Kgdm 11⅞ 89	100	108⅝	108⅝	+0⅝	+1⅞	7.87
Denmark Kgdm 11⅞ 90	100	112⅝	112⅞	+0⅞	+1⅝	7.80
Denmark Kgdm 13⅞ 92	100	115⅝	115⅞	+0⅞	+2⅞	8.16
EDC 9⅞ 92	100	104	104⅞	—	—	8.71
EDF 10 95	225	108⅞	108⅞	+0⅞	+1⅞	8.47
EEC 8⅞ 91	150	101	102	+0⅞	+1⅞	7.50
EEC 9⅞ 95	150	104⅞	105⅞	+0⅝	+1⅝	7.04
EIB 10⅝ 94	200	106	106⅞	+0⅞	+1	8.32
EIB 12 95	200	123½	124	+1⅛	+2⅜	8.18
Eli Lilly 10⅝ 92	150	112⅝	112⅝	+0⅛	+1⅛	7.74
Equrt. Lrd. Rlty. 10⅜ 97	100	111⅛	111⅝	+2⅛	+2⅝	8.87
Export Dev. Cpn. 10 90	100	108¼	109	+0⅜	+1	7.45
Fed. Dep. Strs. 10⅝ 95	100	111½	112	+0⅜	+1⅛	8.25
Ford Motor Crd. 10½ 01	150	108⅜	109⅜	+0⅜	+1⅛	8.41
Ford Motor Crd 11⅜ 90	100	†10⅝	110⅝	+0⅞	+1⅛	8.11
Gen. El. Cred. 10⅝ 00	200	†106½	107	+0⅝	+1⅛	5.36
GMAC 10⅝ 99	200	106⅞	107½	+0⅞	+1⅛	7.64
GMAC 10⅞ 92	250	109⅛	109⅝	+0⅞	+1⅛	8.33
IADB 5⅞ 95	200	111⅛	111⅞	+1⅛	+2	8.09
IADB 10⅛ 95	150	115	115⅝	+1⅝	+2⅛	8.11
Kellogg Co. 10⅞ 90	100	107⅞	108⅝	+0⅝	+1⅛	8.29
Kellogg Co. 11⅜ 92	100	111⅛	111⅝	+0⅝	+1⅛	8.56
Nippon Cr. Bk. 10⅝ 95	150	115⅛	115⅞	+1⅞	+2⅝	8.23
Pillsbury Co. 10⅝ 93	100	107⅛	108⅛	+0⅝	+1⅛	8.71
Proct. & G. 'A' 9⅞ 92	150	107	107⅞	+1⅝	+2⅛	8.40
Pru Realty S. 12⅝ 95	546	117⅝	118	+1	+1⅛	5.09
Qantas Airways 10⅝ 95	140	113⅝	114	+1	+1⅝	8.18
Queensld. Gvt. 10⅝ 95	100	—	—	—	—	—
Ralston Purina 11⅜ 95	150	118⅞	119⅜	+0⅝	+1	8.63
Saab Scania 9⅛ 81	125	105⅛	105⅞	+0⅝	+1⅛	8.04
Saskatchewan 10⅝ 92	100	114⅝	114⅞	+1⅛	+2⅛	7.58
Scandinavia Air 10⅝ 95	150	111⅝	112⅝	+2⅞	+2⅞	8.28
State Bk. S. Au. 9⅝ 93	150	105⅝	105⅝	+1⅛	+2⅛	8.18
Statoil 10 90	170	106⅛	108⅞	+0⅞	+1⅛	7.57
S. Wales Trsy. 11⅜ 90	150	112⅞	113	+1	+1⅛	7.96
Swed. Exp. Cred. 10 92	100	110⅝	110⅞	+1⅛	+2	7.76
Sweden 8⅝ 95	200	106⅝	107⅛	—	—	7.72
Sweden 10⅝ 92	250	112	112⅝	+1⅛	+2⅛	7.81
Sweden Kgdm. 10⅞ 90	200	110⅝	111⅛	+0⅝	+1	7.67
Sweden Kgdm. 11⅜ 94	100	—	—	—	—	—
Tenneco Con. 10⅝ 95	150	109	109⅛	+0⅞	+1⅛	0.20
Utd. Tech. Fin. 10⅝ 95	100	*110⅝	111⅝	0	+0⅝	8.86
Victorian Ran. 11⅜ 92	150	—	—	—	—	—
World Bank 9⅞ 2018	300	112⅞	112⅞	—	—	8.13
World Bank 0⅝ 2016	300	114⅝	114⅝	+3⅛	+4⅞	8.42
World Bank 10⅝ 95	300	115⅝	115¾	+1⅝	+2⅛	7.73

Average price changes...

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 04	200	108⅛	109⅛	+0⅛	+0⅛	8.61
Austrian Elec. 6½ 95	150	101⅞	102⅝	+0⅝	+0⅝	8.17
Copenhagen 7⅛ 95	150	103⅛	104	+0⅛	+0⅝	8.80
Dow Chemical 8⅝ 95	300	103⅞	104⅛	+0⅝	+0⅛	6.14
EIB 6⅞ 95	300	1/5⅝	106⅛	+0⅛	+0⅝	8.03
EIB 7⅛ 94	300	105⅛	106⅛	+0⅝	+0½	8.33
Emhart Con. 6⅝ 95	175	101⅛	101⅛	+0⅝	+0⅛	8.53
Ex. Im. Bk. Korea 7⅝ 90	100	101½	102⅛	−0⅝	0	7.11
Finland Republic 7 02	200	104⅛	104⅛	−0⅛	0	8.07
Gould Int. Fin. 7⅝ 01	100	104⅛	104⅞	−0⅝	0	8.55
Horon Intl. Fin. 7⅛ 95	100	98½	99⅛	+0⅛	+0½	7.40
Hoesch Intl Fin. 7 95	100	103	103⅛	+0⅛	+0½	6.52
Ireland 8⅞ 92	150	107⅞	109	0	+0⅝	8.56
I/S Elsam 5⅝ 93	125	99⅛	100⅛	+0⅝	+0⅝	8.78
Japan Fin. Con. 7⅝ 01	100	106⅛	106	−0⅝	0	8.31
Mtsbshi M. 3⅛ 88 WW	100	106½	108⅛	+0⅛	+0⅛	1.06
Mtsbshi M. 3⅛ 88 XW	100	92⅛	93	+0⅛	+0⅛	5.35
Quebec Hydro 7⅛ 95	200	106⅝	107⅛	+0⅝	+0⅛	8.11
Renfe 7⅛ 95	100	106⅝	106⅝	0	+0⅝	6.85
Soc. C. Nuclear 7⅛ 95	150	103⅛	104	+0⅝	0	8.69
Soc. C. Nuclear 8 81	100	105⅛	106	+0⅛	0	8.68
O. Atrienn Tran. 7⅝ 92	100	96⅛	96⅝	0	−0⅛	8.34
World Bank 7 95	600	107⅝	106⅛	+1⅛	+1⅞	5.86

Average price changes... On day +0½ on week +0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon. Cap. Con. 5⅛ 94	130	†101	101⅛	−0⅛	−0⅛	8.21
Bt. Land. Comp. 6½ 99	75	*†104⅛	105	0	0	5.96
Chrysler 5⅝ 96	150	†103	103⅛	−2	−2	8.34
Council of Europe 6 92	120	103	104	−1⅝	−1⅝	8.35
Creditanstalt 5⅞ 94	100	†102	102⅛	−2	−2	5.18
Deutsche Bk. Fin. 5⅛ 95	100	†104	104⅞	+0⅛	+0⅛	4.77
EIB 5⅞ 94	120	103	102⅛	−1	−1	8.40
Gen. Occidentale 4⅝ 94	80	†120	120⅛	+1	+1	1.96
Glendale F. S&L 5½ 95	100	†99½	99⅝	0	0	8.55
Ind. F. Finland 5⅝ 94	40	†102	102⅛	−0⅝	−0⅝	8.43
Int. Am. Dv. Bk. 6⅝ 94	120	102½	103	−0⅝	−0⅝	5.71
N. Zealand Steel 5⅝ 96	70	†101	101⅛	+0½	+0½	5.60
Oberos. Kftwk. 5⅝ 95	100	†101⅛	102	+0⅛	+0⅝	5.14
Olivetti Intl. 5½ 95	100	†103	103⅛	+1	+1	5.07
Pepsico 5⅛ 95	130	*†104⅛	104⅝	0	0	4.61
Phibro-Salomon 5⅝ 97	110	†100½	100⅝	−1½	−1½	5.06
Ralston Purina 5½ 94	125	†101⅝	102	+0⅝	+0⅝	5.70
Tokyo Elec. Pr. 5⅝ 93	120	/†03	103⅛	−0⅝	−0⅝	4.94
Tokyo Metropolis 5⅝ 94	80	†102⅛	102½	+0⅛	+0⅝	4.90
World Bank 5⅝ 94	150	†10⅝	104½	+0⅛	+0⅛	5.11

Average price changes... on day −0⅛ on week −0⅝

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Denmark 6½ 96	10	101⅛	101⅛	—	—	6.18
EIB 3⅛ 96	25	101	101⅛	—	—	5.96
Postipankki 6⅝ 96	10	103⅝	103⅛	0	+0⅛	8.18
Procter & Gamble B 91	25	100	10½	—	—	8.95
Swed. Exp Crd. 6⅝ 95	10	103	103⅛	+0⅝	+0⅛	6.18

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A. & NZ Bk. 15⅝ 90 AS	60	106⅝	107⅝	−0⅛	+0⅛	12.78
BMW Finance 13 90 AS	50	103½	104½	0	+0⅝	11.77
Fiat Finance 14½ 88 AS	60	102½	103½	+0⅛	+0⅝	13.15
LB Schlswg. 14⅝ 91 AS	30	107⅞	108⅝	+1⅞	+2⅝	12.01
Amex 10⅝ 90 C$	50	106⅝	106⅝	+0⅝	+1½	8.87
Canad. Pac. 10⅝ 90 C$	75	105⅛	105⅛	+0⅝	+0⅝	8.81
CIBC 10⅞ 90 C$	75	†103⅝	104⅛	+0⅝	−0⅝	9.82
Genstar Fin. 11⅝ 95 C$	75	†106	106½	+0½	+0⅝	10.80
Montreal 11½ 95 C$	75	108½	109	+1	+2⅝	9.38
Ryl. Trustco 10⅝ 90 C$	75	102⅞	103⅛	+0⅝	+1⅛	8.49
Sears Acc. 10⅞ 92 C$	75	†104⅛	104⅛	+0⅝	+0⅝	9.64
Coca-Cola F. 17 90 NS	75	†107	108½	0	+1	14.42
Denmark 17½ 89 NS	50	†38½	99½	+0⅛	0	17.91
Unilever Co. 17½ 89 NS	50	97⅝	98½	−0⅝	−1⅛	18.18
Copnhagn. C. 9 95 Ecu	40	†109⅝	110⅛	+3½	+3⅝	7.47
Eutelsat 9 93 Ecu	50	†104½	105⅝	+1½	+1⅝	8.06
Walt Disney 8⅝ 94 Ecu	63	†106⅛	107½	+1½	+1½	7.54
Honda WW 3⅞ 90 Fl	100	108⅛	108⅝	0	0	2.28
Honda XW 3⅞ 90 Fl	100	91⅛	01⅞	0	+0⅛	8.33
Thyssen 7⅝ 90 Fl	50	103	103½	0	−0⅛	6.37
Wereldhave 7⅝ 90 Fl	75	103½	104	+0⅛	+0⅛	8.47
Wessanen 6⅝ 90 Fl	50	100⅝	101⅝	0	0	8.47
Eurofima 11⅛ 92 FFr	300	†108½	109	−0⅛	−0⅛	9.27
Amev 11 93 £	50	105⅞	106⅞	+0⅛	+2⅛	0.85
Australia Com. 11 92 £	40	106⅛	106⅝	+1⅛	+1⅛	0.53
EIB 11⅛ 93 £	50	108	108⅛	+1⅞	+2⅛	5.46
GMAC UK F. 10½ 90 £	30	106	105⅝	+1⅞	+2⅛	8.33
Imp. Ch. Ind. 11⅝ 95 £	100	110	†10⅛	+2⅛	+2⅛	9.53
Imp. Ch. Ind. 10⅝ 92 £	75	105⅛	105⅞	+1⅛	+2⅛	0.52
McDonalds 10⅞ 90 £	40	104½	105½	+1½	+1⅝	0.39
Mtsbshi. F. HK 11 90 £	50	104⅛	104⅛	+1⅝	+2⅝	9.83
NSW Treasy. 10⅝ 02 £	50	104⅛	106⅝	+1⅞	+2⅛	0.55
Rank Xerox 11 92 £	40	103⅝	103⅞	+0⅝	+0½	10.18
Royal Ins. 10⅝ 92 £	[illegible]	105½	108⅝	+2⅝	+2	5.44
J. Sainsbury 10⅝ 93 £	50	105⅞	105⅝	+1⅝	+2½	9.72
Tricentrol XW 11 92 £	35	79	79½	−0⅝	−2⅛	18.54
Tathse. Forte 11⅝ 90 £	50	104⅝	105⅝	+1⅝	+1⅛	9.62
World Bank 11⅞ 95 £	100	113⅝	113⅞	+2⅛	+3	9.03
COE 8⅞ 96 LFr	600	*†104	104½	0	+0⅛	8.20
N. Lux. Al. 10½ 92 LFr.	600	†104	105	+1	+0⅝	5.5t

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Anglia Bldg. 8, 8 98 £	0⅛	99.86	99.96	14/4	11⅝
Belgium, Kngdm. of 91	0	100.19	100.29	10/8	8.06
BNF 8⅛ 95	0.05	101.20	101.30	10/7	8.06
Britannia S 93 £	0⅛	99.86	99.94	8/4	11½
CCP 5⅛ 97	0	99.24	99.34	5/4	8.06
Citicorp 8 2005	0⅛	99.29	99.39	27/3	8.04
Credit Lyonnais S 2000	0⅛	100.25	100.35	10/7	8.06
EEC 3 92 DM	0	99.99	100.06	20/8	4.44
EEC S 90	0⅛	100.03	100.10	8/7	8.06
EEC 5⅛ 93 Ecu	0.0312	99.99	99.99	30/4	5.91
ENEL S 2000	0⅛	100.18	100.29	1/3	8⅛
Ireland 5⅛ 97	0⅛	100.20	100.30	28/2	8.44
Lloyds Bank Perp.	0⅛	100.10	100.28	0/8	8½
Midland Bk. Perp. 5	0⅛	100.06	100.18	10/6	8⅛
Milk Mkt. Board 8 93 £	0⅛	99.90	100.00	17/8	12.31
NatWest Perp. A	§0⅛	100.14	100.24	8/7	8.31
NatWest Perp. B	§0⅛	100.15	100.25	8/8	8⅛
New Zealand 5 97 £	0.07	99.08	99.96	16/3	11.57
New Zealand 5 2001	0	100.13	100.23	4/8	8⅛
Prudential Cpn. 4 99 £	0.1	99.77	99.87	5/3	11.78
R. Bk. Scotland S Perp.	0⅛	100.12	100.22	11/6	8.44
Societe Generale 5⅛ 97	0⅛	100.07	100.77	18/3	8⅛
United Kingdom S 92	0	100.03	100.10	7/7	8.06
Woodside Fin. 5⅛ 97	0	99.45	99.55	28/7	8.15
Woolwich 8 96 £	0⅛	†99.85	99.95	10/5	11.89

Average price changes... On day +0.05 on wk. +0.03

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053	216⅛	217⅝	+16⅛	0.22
Comcast 7 2000	12/85	22.87	†121⅛	122⅛	+2	13.36
Fanuc 3½ 98	1/84	7032	205⅛	206½	−4⅛	65.18
Fuji Hvy. Inds. 3 2000	8/85	676	103⅛	104⅛	+0½	1.85
Fujitsu 3 99	5/84	1320	117½	118⅞	+11⅛	18.60
Kumagai Gumi 3½ 2000	3/85	600	†213	214	−1	6.37
Marui 3½ 99	7/84	1162	269⅞	271⅞	+27⅞	−0.23
Minolta Cm. 2⅞ 94 DM	2/86	1106	101	102	+0⅝	30.09
Mitsubishi Bank 2⅞ 99	8/85	1768	128⅞	130⅛	+0⅛	2.25
Mitsubishi Elec. 2⅞ 00	3/85	422	120⅞	121⅞	+4⅛	−3.28
Mitsui Bank 2⅝ 01	4/85	101.9	113⅛	114⅞	+5⅛	−90.24
Murata 3½ 2000	7/84	2398	139⅛	140⅛	+4⅞	16.65
Nippon Elec. 2⅛ 2000	1/85	1285	147½	148⅛	+15⅛	75.97
Nippon Oil Co. 3 2000	5/85	923	150⅛	151⅛	+2⅛	−4.28
OKI Elec. Ind. 3½ 99	10/84	805	114½	115½	0	7.49
Sanwa Bank 2⅛ 2000	10/85	1486	134⅛	135⅛	+5⅛	1.42
Sakisui House 3 99	6/84	612	240⅛	241⅛	+19⅞	−1.73
Sumitomo Bk. 2⅛ 2000	8/85	2142	142	143	+12	8.66
Sumitomo Cpn. 2⅞ 99	5/84	593	192⅛	193⅛	+13⅛	11.87
Taiyo Yudan 3⅛ 2000	3/85	1078	†125	127	+6	−1.56
Tokyo S'vo El. 3⅛ 99	12/84	772	106	107	+1½	5.85
Toshiba Crmcs. 8 2000	4/85	1734	111⅞	112⅞	−1⅛	8.12
Nippon Oil 2⅝ 92 SFr	3/84	1052	†112	112½	+4⅛	−1.12
Nip. Shinpan 2 92 SFr	3/84	801	†204½	205	+8⅛	16.09
Aaics S 92 DM	12/83	520	113⅛	114½	+1⅞	12.68
Renown 3⅛ 90 DM	3/85	675	130½	131⅞	+10⅛	−0.52

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list of the 200 latest bonds was supplied by ... (Securities) London; Daiwa Europe NV; EBC Amro Bank; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; LTCB International; Merrill Lynch; Morgan Stanley International; Nikko Securities Co. (Europe); Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Akroyd and Smithers; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France.

UK COMPANY NEWS

Rotaflex profit growth rate held back to 15%

DISRUPTION caused by factory moves and integrations has limited the 1985 pre-tax profit growth at Rotaflex to 15 per cent, from £2.76m to £3.18m.

But the group has never been better placed to face the future, the directors claim. They are encouraged by the progress made and are confident that 1986 will show another satisfactory result.

The group makes electric light fittings and systems, and bathroom and shower appliances. Its turnover in 1985 rose by 21 per cent to £50.06m helped by a first time contribution from Le Dauphin and Falks.

However, those companies did not contribute to profits. They were merged with existing Rotaflex operations in their countries. Lumiance and Linolite carried out major moves into new premises and extensive works were completed at Le Dauphin to improve capacity and efficiency.

The considerable costs were either written off or taken as extraordinary items, but the build-up of stocks needed to bridge interruption of production meant a significant increase in interest charges—up from £844,000 to £1.54m. Full benefits of all these changes will only be realised over the next three years, the directors stress.

Now that factory moves and restructuring are largely completed the focus will be on improving efficiency and using the additional capacity. The company is moving ahead as far as possible with plans to develop the City Road, EC, premises. Apart from other considerations the directors are mindful of pending legislation on light industrial office properties which they say could considerably enhance the status and value of part of the site.

Concord Lighting continued its exceptional progress, while Linolite in its new factory is well placed for profitable growth. Electropatent is now wholly-owned and will be absorbed into Linolite. Agreement has been reached to buy up the outstanding 50 per cent of Concord Controls.

Lumiance in Holland and Concord Lighting in Australia had excellent years, while Jumo, the French subsidiary, improved its already good results.

Gross profit for the year was ahead by 20 per cent to £21.3m. Share of losses of associates were cut from £626,000 to £186,000 and investment income rose from £105,000 to £154,000. However, net operating expenses surged by £3m to £16.5m and there was the increase in interest charges.

After tax £1m (£801,000) and minorities (£29,000) the net attributable profit comes to £2.18m (£1.96m), for earnings of 18.5p (16.8p) per share. The final dividend is 3.6p for a net total of 5p; against 4.5p.

● comment

Rationalisation is not an overnight affair at Rotaflex. The company claims it takes three years to turn around an acquisition such as Le Dauphin and so in this period of "major corporate reconstruction" it is perhaps not surprising that the profits progression is less than exciting. Rotaflex has only just cleared its own broker's forecast after the sharp increase in interest payments — reflecting a rise in capital gearing to 100 per cent. Yet if yesterday's news looked dull the group still holds out the prospect of a significant improvement once the restructuring bears fruit. That is, however, unlikely to happen this year. The market is looking for £3.6m pre-tax which, allowing for the absence of £200,000 of exceptional costs, reduced losses from associates and a small easing in interest charges, suggests an underlying growth rate no better than inflation. The year after, or perhaps the year after that, profits could be double the level reported yesterday but that is too distant to rerate the shares now. At 173p the historic p/e is 9.4 — a mere shadow of Emess's rating.

Dalepak heads for stock market with a £12m valuation

BY LUCY KELLAWAY

Dalepak, a Yorkshire-based company which claims to have given the UK consumer its first taste of grillsteaks—portions of restructured meat—is planning to come to the stock market next month with a valuation of about £12m.

Specialised food companies were one of the most popular flavours of last year on the stock market, when a rash of newcomers were floated on price-earnings multiples well above the market average. However, after a series of disappointing results the small food manufacturers have lost some of their earlier promise.

The closest quoted company to Dalepak is Mayhew Foods, which makes processed chicken products, and whose shares are traded on the USM on a price earnings multiple of about 13.

Ten years ago Dalepak was pioneering grillsteaks out of a tiny converted freezer shop in Yorkshire. Now, from a large modern factory, it produces about 400 tons a month of reconstituted meat, and employs 230 people.

In the mid-1970s Michael Hughes, joint managing director, noticed that beefburgers and sausages were moving increasingly down market while meat—or "muscle meat" as it is called in the trade—was becoming more expensive. He hit upon the grillsteak, which is frozen chopped and shaped meat, to fill the gap and, with two partners, founded Dalepak.

The venture was a success: The housewife, suspicious initially, now spends about £4m a month on grillsteaks, according to figures compiled by AGB.

While Birds Eye and Ross now compete with Dalepak, it leads the market with a 30 per cent share.

Dalepak's steaks, which come in different sizes in lamb, beef, pork and gammon and with different flavourings added, are sold through all but one of the major supermarket chains.

Through such diversity turnover has grown at a compound rate of 35 per cent over the last five years to about £11m in 1985, while profits have risen from about £50,000 in 1980 to £750,000 in the year to April 1985.

Expansion has resulted in heavy capital expenditure, and the group is now 100 per cent geared.

The flotation will raise about £2.5m in new money which will reduce gearing to about 25 per cent. It will also give the three founding partners, who own the bulk of the company a chance, to sell a small portion of their holdings.

While industry statistics show some slowing of the growth in the restructured meat market, Dalepak hopes to be able to sustain its annual growth rate over the next three years.

It hopes to do this by marketing its products in London and the South East, where its market share is lowest, and by expanding its own label sales, which are currently only 15 per cent of the total.

Most important, it is diversifying into recipe meals, now the fastest growing frozen food market, and will shortly be launching a range of five dishes sold under "The Budget Gourmet" name.

Cope Allman £4m bid referred

BY DAVID GOODHART

MR MICHAEL DOHERTY, chief executive of Cope Allman, the engineering and fruit machine manufacturing group, yesterday said he was "surprised and disappointed" at the decision to refer his company's agreed £4m bid for Firth Cleveland Strip to the Monopolies and Mergers Commission.

The Department of Trade and Industry confirmed that the Secretary of State had decided at the end of last week to accept the recommendation of the Office of Fair Trading and refer the deal on the grounds of competition in the market for hardened and tempered steel.

Cope Allman announced last month that it had reached agreement with GKN to buy its Firth Cleveland subsidiary which has been making a small profit on a turnover a little under £10m.

The obstacle to the deal appears to have been J.B. and S. Lees, the Cope Allman special steels subsidiary, which has a turnover of about £15m—roughly 8 per cent of Cope Allman's total.

"The aim was to put the two companies together which would make us the biggest group of its kind in the UK and allow us to compete more effectively in international markets," said Mr Doherty. He said that Cope Allman would be talking to GKN again in the next few days.

Cope Allman shares were unchanged at 343p.

BOARD MEETINGS

TODAY

Interims: AMEC, Abbey Life, Alexandra Workwear, Associated British Ports, BSG International, Blockleys, Bunzl, Caparo Properties, Christies International, Coates Bros., Elys (Wimbledon), Enterprise Oil, Executex Clothes, Greenbank, Guardian Royal Exchange, William Jacks, London and Manchester, Lyle Shipping, MY Dart, Magnolia Group, Myson, Ocean Transport and Trading, Scottish Heritable Trust, Silkolene Lubricants, A. G. Stanley, Sun Alliance and London Insurance, Sun Life Assurance.

Finals: A. Beckman, Britannia Security, Floyd Oil Participants, Gabicci, Portland.

FUTURE DATES

Interims:

Bailey (Ben) Construction	Apr 4
London & Prov. Shop Centres	Apr 8
Prestwick	May 2

Finals:

Bodycote International	Apr 8
Cluff Oil	Apr 3
Dwek	Apr 8
East Rand Consolidated	Apr 14
Evered	Apr 10
Fortnum and Mason	Apr 14
GRA	Apr 3
Grampian Television	Apr 24
Hall (Matthew)	Apr 16
Hestair	Apr 17
Hunting Petroleum Services	Apr 9
J.S.D. Computer	Apr 3
Laird	Apr 4
Marchwiel Universal	Apr 8
Municipal Properties	Apr 10
Owners Abroad	Apr 15
Phocox (London)	Apr 11
Sharna Ware	Apr 3
Thurgar Bardex	Apr 14
Tyzack (W. A.)	Apr 4

Farmers may bid for British Sugar

BY LIONEL BARBER

BRITAIN'S SUGAR farmers have talked with Tate & Lyle about the possibility of mounting a consortium bid for British Sugar, the sugar beet subsidiary of S & W Berisford, the commodity trading group.

The farmers are alarmed by the threat posed by Ferruzzi, the Italian food and agricultural group which has expressed an interest in acquiring British Sugar. Ferruzzi holds a 9 per cent stake in Berisford.

Mr Michael Garrod, chairman of the National Farmers' Union's sugar beet committee, said yesterday that he was considering various options for Britain's 12,000 beet farmers to take a stake in British sugar, either with Tate & Lyle or other unnamed companies.

"There is a long way to go, but there has been a lot of concern expressed at local level about what would happen if Ferruzzi gained control of British Sugar," he said.

One option would include British sugar beet growers agreeing to a levy on production to pay for a stake of between 20 per cent and 25 per cent in British Sugar, as a cost between £80m and £100m.

Though this is a considerable sum, NFU officials said that both Dutch and German beet farmers had managed to achieve a similar co-operative solution. It is understood that beet of growers in West Germany and Holland have warned the NFU about the threat posed by Ferruzzi if it acquires British Sugar, which has about 50 per cent of the UK beet market.

They fear that Ferruzzi's own Italian production, coupled with its half stake in Beghin-Say, the French producer, and its publically floated interest in British Sugar, would allow it to dominate the European market.

This matches precisely with Tate & Lyle's view. The UK cane refiner has bought 8.2 per cent of Berisford, both as a protective move and as a possible springboard for a bid.

The problem is that Tate may put a higher value on British Sugar than the beet farmers. The advantage is that a consortium bid may be one way round the competition questions posed by a bid from Tate, which controls about 40 per cent of the UK refined sugar market.

Tate has already begun to lobby MPs with a view to selling the idea that holding a near monopoly in refined sugar and sugar beet in the UK has to be seen in the context of the European sugar regime as a whole.

At last night's close, Tate & Lyle's shares were up 5p to a high of 638p, S & W Berisford's were up 2p at 228p, and Hillsdown Holdings, the UK food manufacturer which holds 10.4 per cent of S & W Berisford, rose 12p to 260p.

Brammer profit and dividend on course

IN A very eventful and positive year, Brammer has maintained substantial momentum in earnings growth while successfully fighting off the hostile bid from Bunzl.

Turnover in 1985 has increased from £86.54m to £101.13m and pre-tax profit from £10.17m to £13.59m, with the established Brammer businesses achieving their profit forecast made last May.

The dividend is the promised 12.5p net, an improvement of 4.75p over the 1984 total; the final is 8p. Earnings came out at 22.3p, against 20.4p.

The group has refined its activities to concentrate on services to industry, and the distribution and services side accounted for £12.11m (£8.2m) of the £14.12m (£9.94m) trading profit achieved in 1985.

These services have been added to both geographically and in terms of product, with recent moves into electronic component distribution and electronic equipment rental and sales. The group is well established in the UK, US and Continental Europe.

The balance sheet is strong, the directors say, and the group is well prepared to exploit the considerable opportunities.

The move into electronics was made through the acquisition of Energy Services and Electronics in the middle of last year. That company has since sold its loss-making Neve Electronic Holdings (Neve Audio). Last November Brammer sold its Brammer Transmissions group, which made speciality transmission and domestic appliance belts, and Russells Rubber, extruder of rubber products.

The market place has not been an easy one, the directors stress. In particular the depressed trading circumstances in the electronic industry and the downward trend in the price of oil have restricted sales below the anticipated levels.

The pre-tax profit was struck after interest payable £368,000 (received £230,000) and exceptional item this time of £165,000.

Extraordinary items this year comprise £1.29m (£45,000) acquisition and defence costs and £2.25m (debit £23,000) other credits.

comment

Brammer's core activities came in comfortably above the £12m forecast at the time of the Bunzl bid with £12.23m, but Energy Services and Electronics, which had forecast £4.2m for the full year, had a disappointing second half in adverse market conditions and contributed only £1.89m, leaving the newly-enlarged group struggling to meet the City's expectations. A number of plus factors indicates strong growth this year: ESE is experiencing an improvement in its markets and will be in for the full year, the expansion of the bearing distribution business into other product areas—notably power transmissions—should bring organic growth, and the interest charge is on its way down.

The bearings market itself is looking sluggish, but the other factors have encouraged forecasters to expect upwards of £17.5m for 1986. With the shares up 2p at 372p, the historic p/e ratio of 16.7 looks reasonable next to the sector average.

Virani sells 5 hotels for £6m

Friendly Hotels is paying £5.5m to buy five hotels from the Virani Group (UK), the hotel, leisure and property company run by Mr Nazmu Virani.

The five hotels—The Royal Station Hotel, Hull; the Central Hotel, Glasgow; The George Hotel, Nottingham; The Station Hotel, Perth and the Eccleston Hotel in London's Victoria, Virani's prestige outlet and company head office—have together approximately 600 rooms. Three years ago Virani bought the Hull and Perth hotels from British Rail.

The hotels, which have two and three star ratings, will increase the number of Friendly Hotels to seven.

Friendly Hotels was formed earlier this month by British Land and Mr Henry Edwards, former chairman of Comfort Hotels International, recently acquired by Ladbroke. British Land will provide 80 per cent of the finance for Friendly Hotels' funding requirement of £7.5m.

Mr Edwards, chairman of Friendly Hotels, said that this was the first stage of an expansion plan and a further two hotels would be bought later this year.

Friendly Hotels provisionally agreed to provide Virani with 303,030 of its ordinary shares, £2.65m in cash, and approximately £2.83m in the form of new convertible preference shares. This totals £5.89m at a Friendly Hotels ordinary share price of 136p.

The group also proposes to issue new convertible preference shares to raise £4.15m to pay the acquisition costs. Dealings in Friendly Hotels ordinary shares have been suspended at 133p until April 29.

Thos. Borthwick completes two disposals

Thomas Borthwick, the international food, meat and trading group, has completed the NZ$53m (£20.5m) sale of its New Zealand operations, and has further reorganised Australian operations through the sale of the Brooklyn meatworks in Victoria for A$2.8m (£1.35m).

The New Zealand operations, which also included certain international marketings facilities, were sold to a subsidiary of Waitaki NZ Refrigerating. Borthwicks will be relieved of related borrowings.

Argyll tries again to block Guinness

By David Goodhart

Mr James Gulliver's Argyll Group yesterday unveiled another attempt to block the rival Guinness bid for Distillers in the courts by claiming that its dominant market position would be in contravention of Article 86 of the Treaty of Rome.

A hearing is expected today or tomorrow at the Court of Session in Edinburgh where Argyll will seek an interim injunction to stop the Guinness bid until a full hearing can be arranged. If the injunction is not granted Argyll has indicated that it will consider appealing direct to the European Commission.

Argyll said yesterday that reference to the EEC came to be closely considered after the Office of Fair Trading cleared Guinness's second and slightly revised offer for Distillers. The initiative appears to have come from Argyll's allies in Scotland and is supported by Mr William Prosser, currently a legal adviser to Argyll and the Dean of the Faculty of Advocates in Scotland.

Mr David Webster, the Argyll finance director, said: "the EEC takes a broader and more stringent view of international competition than the OFT which focuses mainly on UK domestic competition issues."

Article 86 of the Treaty of Rome states "Any abuse of a dominant position within the Common Market or in a substantial part of it shall be prohibited as incompatible with the Common Market in so far as it may affect trade between member states."

Mr Angus Grossart of Argyll's merchant bank advisers, Noble Grossart, said the combination of Distillers whisky brands and Guinness's Bells brand was detrimental to both consumers and producers which had major implications for the European legislation.

However Guinness said: "Coming on the heels of Argyll's failed attempts to block the bid in the High Court and the Court of Appeal this is just another attempt to remove the decision from Distillers shareholders."

Argyll claimed there were some legal precedents for take-overs being blocked by the EEC following clearance by the domestic regulatory authorities. Whatever the legal argument, several analysts yesterday stressed that the supermarkets group has to try every route to block Guinness as it faces costs of about £25m if it loses—more than one third of pre-tax profit.

Argyll has extended its offer until Friday April 4, which is the last day on which Guinness can increase its offer if it wants to. Both bids currently value Distillers at about £2.5bn. The number of Argyll acceptances has slipped back slightly from 3.19 per cent to 2.97 per cent. The final closing date of both bids is April 18.

Slough Estates rises 14% to £39.5m and confident

AGAINST A background of substantial investment in new construction and in the land bank, Slough Estates, property concern, raised 1985 pre-tax profits by 14 per cent to £39.52m, compared with £34.69m.

The 1985 results included a net surplus of £1.1m from the sale last May of the company's 4.3 per cent stake in Stock Conversion. Property trading, mainly in the UK and US, contributed a higher £1.1m (0.4m) profit.

Adverse exchange rate movements meant a reduction of £1.4m in reported profits for the year (£0.8m) increase in 1984).

The 1984 pre-tax result excluded a pre-acquisition profit of £1.09m. For 1985 the tax charge was £10m (£8.54m) and stated earnings per 25p share came to 11.65p (10.23p) or 11.07p (9.66p) diluted. The dividend is raised from 4.8p to 5.5p net with a final of 3.3p.

Net equity assets per share at December 31, 1985 amounted to 211p (208p) or 202p (198p) fully diluted. This modest increase largely reflects the adverse impact of exchange rate translation of £23m, notwithstanding valuation surpluses in currency terms and the benefit of the discount on the Helmlace Group acquisition.

Looking to prospects, Mr Nigel Mobbs, the chairman, says 1985 has been—and 1986 will be—a year of expansion for the company's property and related activities, involving a significant investment of financial and management resources.

But results from these investments will not be reflected in profits until 1987 and after. Mr Mobbs explains that the company is therefore investing for its future and the improvement of the quality of the portfolio and corporate earnings.

Despite the cost of this planned programme, he is confident that 1986 will again see further improvement in group results and that in the years ahead the company will benefit from the increased level of expenditure.

The chairman says that world-wide Slough now has the largest current development programme in its history—1.75m sq ft of floorspace costing £52.5m.

In the UK, almost all the development programme is concentrated in the south-east quadrant, where demand has improved for all classes of property.

During 1985, the group constructed 346,000 sq ft in the UK and 598,000 sq ft overseas. The stock of land for development was increased by 42 acres through the acquisition of the Helmlace property portfolio.

There were also significant investment in entrepreneurial business—£10m in the American leveraged buyout businesses managed by Charterhouse Group International and a £2.5m commitment to the Electra Candover Direct Investment Plan operating in the UK in the same field.

See Lex

UB has 22% of Imps and extends its offer

BY LIONEL BARBER

SHARES in United Biscuits (Holdings) rose 13p yesterday, bringing the value of its £2.5bn agreed bid for the Imperial Group closer to the rival hostile £2.7bn offer by Hanson Trust.

United disclosed yesterday that it had received only 0.07 per cent further acceptances for its offer, bringing its total to 21.96 per cent. The offer has been extended to April 11.

Hanson's theory for the sharp rise in UB shares is that the market does not believe UB will succeed, making it a takeover target. Sir Hector Laing, UB chairman, said however that the promised 20 per cent increase in dividend for 1986 and good trading this year, accounted for the rise.

United closed at 258p, up 13p, valuing its highest offer at 358p per share. Hanson closed at 180p, up 1p, valuing its convertible stock and shares offer at 369p and its cash and shares offer at 33p. Imperial closed at 349p, up 5p.

Hanson is to announce the number of acceptances for its bid today. Last week, it said that it spoke for 28.2 per cent. It can extend the offer to April 29.

Tokyo dealings start today in C & W shares

Cable & Wireless, the telecommunications group, becomes the first British company to have its shares listed in Japan today when trading begins on the Tokyo stock exchange. The company hopes the move will help it break into the Japanese telecommunications market which is gradually being liberalised.

The move follows the offering of 8m C & W shares in Japan last December as part of the British Government's sale of its remaining stake and a rights issue which raised a total of £933m. The company's shares rose 45p yesterday to 735p compared with last December's offer price of 587p.

Just over 20 foreign companies are listed in Japan. C & W is expected to be followed later this year by British Telecom which is also interested in the Japanese telecommunications market.

Sir Eric Sharp, chairman and chief executive, of C & W who is expected to be on the floor of the Tokyo stock exchange this morning stated: "One of the most important (benefits) is that the name Cable & Wireless will become familiar to the Japanese investing public. This will strengthen our position as we seek to develop new business relationships with Japan."

Albright & Wilson

Albright & Wilson, the chemical and allied products manufacturing subsidiary of Tenneco International, earned lower taxable profits in 1985 of £29.1m, against £30.4m. Turnover rose from £589.4m to £642.4m.

The profit reduction reflected both an increase in depreciation from £20.4m to £22.7m and in interest charges from £11m to £12.2m.

Mr J. P. Diesel, the chairman, says that development will continue to be concentrated towards "world leadership" of A & W's mainstream business

City and Foreign says offer is 'opportunistic'

THE BOARD of City and Foreign Investment, the investment trust which specialises in investing in the US energy industry, yesterday hit back at a takeover bid by Harvard Securities, the licensed dealer in securities.

The board described the bid, launched by Harvard last Thursday, as "opportunistic and wholly inadequate." It advised shareholders to take no action.

Harvard is offering four of its own shares for each of the shares in City and Foreign or 120p in cash. Harvard's shares are traded on the over-the-counter market and at the close of business last Wednesday were valued at 31.5p.

Harvard is bidding for the investment trust as part of its plans to finance its own operations ahead of the de-regulation of the British securities market in October.

WPP Group rises 32%

FROM A turnover £539,000 ahead at £3.96m Kent-based WPP Group, a manufacturer of supermarket trolleys and shopping baskets, raised 1985 profits by 32 per cent to £412,000 pre-tax.

A final dividend of 1.54p lifts the total by 0.24p to 2.64p net per share. The results did not include any contribution from the company's new activities in the service sector.

Trading in 1986 is well up to expectations, both in the manufacturing side and in the two service businesses acquired, or agreed to be acquired, since the beginning of the year.

Cash balances of over £1.1m at year-end have since been supplemented by a recent share subscription of some £1.1m by Saatchi and Saatchi, which leaves WPP well positioned for further growth.

SHARE STAKES

A.C. Cars—Goldheath has reduced its holding from 6.527 per cent to less than 5 per cent of the issued ordinary share capital.

Aitken Hume International—Rawda Investments SA has acquired a further 200,000 ordinary shares and together with its subsidiary Saudi Investment and Finance Corpn. (Holdings) SA is now interested in 6,798,758 ordinary (14.88 per cent).

Astra Industrial Group — P. Dellar, director, through Mount Credit Nominees has purchased 100,000 ordinary at 6½p and director D. Air, has purchased 15,000 ordinary at 6½p.

Bett Brothers — R. Mitchell, director, has acquired 8,500 ordinary shares at 71½p and now holds 20,000 shares (0.133 per cent).

British Home Stores — N. McArthur, director, has sold 113,871 ordinary shares at 335p and director D. P. Cassidy has exercised his option and sold 20,000 ordinary at 347p.

Cambrian & General Securities—S. J. Conway, director, has sold 43,068 capital shares and repurchased 17,500 shares; Mr Conway's beneficial interest has been reduced to 17,500 capital and 35,000 ordinary shares.

Clogau Gold Mines—F. G. L. Askham, director (alternative), has sold 30,000 shares and now holds 20,000.

Cullen's Holdings—Messrs. P. Matthews, D. L. Claxton and J. B. S. Swallow, all being executive directors, have sold 86,587, 52,925 and 22,600 new ordinary shares, respectively, for 64⅜p each.

Delaney—The following directors have disposed of ordinary shares at 43⅜p: R. Delaney 30,000, D. Delaney 30,000 and S. A. Clarke 40,000. They now hold, respectively, 2,178,914 (21.75 per cent), 2,178,914 (21.75 per cent) and 364,712 ordinary (3.64 per cent).

Domino Printing Services—A. Amos, director, has sold 50,000 ordinary shares at 342p.

Eurotherm International — J. L. Leonard, director, has disposed of 25,000 shares and now holds 1,004,748 (3.707 per cent). M. J. Somerville, director, has disposed of 25,000 shares and now holds 321,300 (1.185 per cent).

S. W. Farmer—RCR International has acquired a further 310,375 ordinary shares bringing its holding to 635,020 (25.15 per cent).

King & Shaxson—Courtaulds' holding has been reduced to 1m ordinary (11.14 per cent). The shares are held in the name of the company's nominee company, Courtaulds CIF Nominees.

Leisuretime International — Aitken Investments has disposed of its holding of 714,000 ordinary shares and Aitken (English) Company is interested in 890,000 ordinary (10 per cent).

Mainmet — Directors G. C. Towler and R. A. McFadden have sold 11,000 shares each at 53⅜p.

McLaughlin & Harvey — The following directors have sold ordinary shares:—R. T. Huston 10,000, C. A. Denny 10,000, T. F. K. Boncher 10,000, R. E. Moore 10,000 D. McClune 6,000 and D. G. O'Brien 5,000.

Moorgate Mercantile Holdings—Bricomin Investment, a subsidiary of British and Commonwealth Shipping Company holds 2,282,739 ordinary shares (8.8 per cent).

M.Y. Dart — Times 69 of Sydney, Australia, has acquired 1.7m ordinary shares (8.2 per cent).

Nolton—Mr Andrew D. Millar, chairman, has sold 2,388,450 ordinary shares and now holds 2,809,570 ordinary (14.62 per cent). The shares were placed with institutions.

Oxford Instruments — VF Investment has sold 800,000 ordinary shares reducing its holding to 2.2m (4.94 per cent).

Tern Group—M. Keen, chairman, has acquired an additional 188,325 ordinary and now holds 488,325 (20.9 per cent). The additional shares were purchased from former director P. J. Barden—158,125 which reduces his holding to nil and executive director R. J. S. Howland—30,200 which reduces his holding to nil.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Arcolectric	0.47	—	0.4	0.72	0.65
Aspen Comm‡	1.3	May	1	2.3	1
Atlantic Computers	1.75*	June 2	1.13*	2.31	1.69
Brammer	8†	—	5.25	12.5	7.75
CCA Galleries‡	1	—	—	1	—
James Dickie	0.75	—	0.5	1.25	0.5
Emess Lighting	3.3†	May 29	2.6	5.5	4.6
Laurence Gould‡	2.2	—	2	3.6	3.3
Molins	5.7	May 29	5.7	7.9	7.8
Rotaflex	3.6	July 4	3.3	5	4.5
Slough Estates	3.3†	May 27	3	5.5	4.8
Town Centre ...int	0.4	June 30	0.4	—	1

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	112	Ass. Brit. Ind. Ord.	132xd	—	7.3	5.5	8.1	7.5
151	121	Ass. Brit. Ind. CULS	138	—	10.0	7.2	—	—
75	43	Airsprung Group	71	—	8.4	9.0	11.8	15.4
46	33	Armitage and Rhodes	35	—	4.3	12.3	4.3	5.2
177	108	Bardon Hill	177	—	4.0	2.3	22.4	23.9
84	42	Bray Technologies	57	+1	3.9	6.8	7.0	8.0
201	136	CCL Ordinary	138	—	12.0	8.7	3.4	3.2
152	87	CCL 11pc Conv. Pr.	99	—	15.7	15.9	—	—
150	80	Carborundum Ord.	146	−1	4.9	3.4	7.2	11.3
94	83	Carborundum 7.5pc Pf.	91	—	10.7	11.8	—	—
65	46	Deborah Services	55	—	7.0	12.7	5.7	7.5
32	20	Frederick Parker Group	23	—	—	—		
109	50	George Blair	109	+1	—	—	4.4	8.1
68	20	Ind. Precision Castings	01	—	3.0	4.0	12.1	13.8
218	161	Isis Group	165	—	15.0	8.1	12.7	19.0
122	101	Jackson Group	121	—	5.6	4.5	8.1	8.1
345	228	James Burrough	343	—	15.9	4.4	10.8	10.8
98	85	James Burrough 9pcPf.	96xd	−1	12.9	13.4	—	—
95	51	John Howard and Co.	81	—	5.0	8.2	4.8	7.6
1200	570	Minihouse Holding NV	1100	−20	8.8	0.8	48.0	46.8
82	32	Robert Jenkins	70	—	—	—	9.1	20.0
34	28	Scruttons "A"	30	—	—	—	—	7.7
87	65	Torday and Carlisle	69	—	5.0	7.2	3.5	6.5
370	320	Travian Holdings	330	—	7.9	2.4	6.9	9.1
63	25	Unilock Holdings	52	+1	2.1	4.0	14.1	13.8
175	63	Walter Alexander	175xd	+2	8.6	4.9	9.9	12.1
226	196	W. S. Yeates	200	—	17.4	8.7	5.7	9.6

UK COMPANY NEWS

Atlantic Computers surges 63%: further growth seen

STRONG PROFITS growth by recent acquisitions together with continued growth of market share in the important business of IBM computer systems supply in the UK enabled Atlantic Computers to lift its 1985 profits from £10.52m to £17.13m pre-tax.

Furthermore, Mr John Foulston, the chairman, is confident that the increased market share will be maintained and that the smaller companies within the group will continue to experience strong profits growth.

In view of the 63 per cent improvement in 1985 profits the directors are to increase the overall dividend to 2.3125p (1.6875p adjusted) with a final of 1.75p net.

Turnover showed an improvement of £87m et £183.11m—the group supplies configured computer systems and a also manufactures electronic equipment.

After tax of £665,000 (£379,000) and minorities of £408,000 (£315,000) attributable profits emerged at £16.05m, compared with £9.82m.

Earnings rose from an adjusted 18.6p to 30.4p per 10p share.

Mr Foulston says 1985 was a busy and successful year and with all group companies performing at or in excess of budget, "quite exceptional" growth was recorded for the year.

Particularly important were the contributions mede by Atlantic Computer Systems, Computer Systems Developments and Atlantic Medical.

The 1986 year has started well with e busy and profitable first quarter for all group companies and every opportunity will be taken to make further strategic acquisitions during the year.

The chairman is confident that the group will continue to make excellent progress during the current 12 months.

During 1985 the groups IBM computer systems leasing activities continued to grow strongly in France, while new offices were opened in Italy. The recently opened US operation also contributed modestly to profit in its first full year.

● comment

Atlantic Computers simply cannot win: the more money it makes, the more suspicious investors become of its ability to sustain the growth. Profits have more than trebled in the last two years but the company's shares have not kept up with the rising market, and they shrugged off yesterday's impressive figures by staying unchanged et 295p. Yet ironically, Atlantic's earnings are at a higher level of quality than ever: residuals are no longer being taken on leasings of over five years and the Sierra installations of the last quarter were mostly for longer that this, with the result that only 12 per cent nf profits in 1985 are attributable to residuals. The figure will rise to 25 per cent again this year as Sierra installations come in on shorter leases, but the contribution of the leasing activities as a proportion of total profits should fall as Atlantic continues its expansion into other manufacturing and service activities. With £22m in sight this year and a tax charge of 5 per cent, the prospective p/e is still a miserly 8, but the City will want to be convinced that diversification is improving quality of earnings rather than opening up another point of vulnerability before it increases the rating.

Derwent Valley up 67%

Derwent Valley Holdings, property investment group, raised pre-tax profits by 67 per cent from £24,530 to £40,871 in 1985, after an increase in net revenne from properties of £100,281 to £199,587. The comparisons are restated.

An unchanged final dividend of 70p is recommended, bringing the total to 80p (same).

After tax of £16,304 (£14,500), net profits came out as £24,567 (£10,030), for stated earnings per share ahead et 27.88p (16.31p) on a weighted everage basis.

There was an extraordinary credit, net of tax, of £438,050 (£3,067).

Downiebrae

Pre-tax profits of Downiebrae Holdings, metal merchant and maker of steel profiles, surged from £101,000 to £234,000 in 1985, and the dividend is trebled to 1.5p net with a final of 1p.

Rohan drops to I£130,000

THE LACK of meaningful development activity in industrial and commercial property in the Irish Republic was one of the reasons blamed by Rohan Group for a fall in pre-tax profits from I£2.32m to I£130,000 (£95,000) in 1985.

Mr Kenneth Rohan, chairman and chief executive of this Dublin-based property developer and contractor, adds that there were also problems with the interest holding costs of existing developments in south-east England and in the US there was a delay in lease-up and sale of developments in the high technology sector.

There was a loss per 10p share of 1.21p against pre-exceptional tax credit earnings of 19.21p, post credit being 43.19p. The directors are recommending a final payment of 2.4p, down from last year's 6.9p, making a total of 4.8p (12.75p).

The results were achieved on turnover down from I£25.41m to I£19.24m.

Mr Rohan says that corrective action has been taken and, assuming no deterioration in the trading environment, improved results are expected for the present year.

Manders little changed

VIRTUALLY unchanged pre-tax profits—£4.28m compared with £4.26m—are reported by Manders (Holdings), the Wolverhampton-based manufacturer of paint and printing ink and property investor, for 1985.

The total dividend is up from 7.5p to 8.1p net with a final of 6p (5.5p). Stated earnings per 25p share were lower at 17.8p against 19.1p.

Turnover improved from £42.79m to £49.32m, with UK trading operations contributing £45.94m against £38.7m. UK paint and printing ink profits were lower at £1.71m (£1.73m), and finance earnings fell from £568,000 to £137,000. Overseas printing ink moved ahead from £198,000 to £367,000, and property profits were higher at £2.09m compared with £1.77m.

There was a tax charge of £1.62m (£1.4m) and a minority debit of £36,000 (£28,000).

The purchase of interests in the Mander Centre from Prudential Assurance and the Central Arcade, Wolverhampton, has significantly strengthened the company's asset position and quality of its earnings.

The successful integration of the industrial coatings activity, acquired in November 1984, has added some £250,000 to trading profits. Overseas profits were affected by the fall in the value of the rand, and would have been some £50,000 higher if taken at an average exchange rate.

The improvement in UK trading results achieved in the second half has continued strongly into the current year.

Receiver sells ICC divisions

DELOITTE Haskins and Sells has sold six divisions of ICC Oil Services, the USM-quoted building and engineering group which went into receivership last month. The prices were not disclosed.

The swift sale saves around 300 jobs out of the group's 540 employees. Talks are taking place for the sale of a further three businesses.

Mr Tim Harris, one of the joint receivers at Deloittes, said that liabilities of ICC, a fast-growing and acquisitive company between 1982-84, were likely to be more than £10m.

ICC's difficulties sprung mainly from a construction contract involving Milford Haven refinery. The plan was to pull it down and reassemble it in the United Arab Emirates, but it ran into difficulty after a substantial outflow of working capital.

BP Australia

BP Australia, a subsidiary of British Petroleum, earned higher net revenue of A$73.38m in 1985 compared with A$28.74m (£13.9m) in the previous year.

American Trust

Net assets at American Trust, the Edinburgh-based investment trust, fell from £142.9m to £139.5m in the year to January 31 1986. Net asset value per 25p share was lower at 168.4p against 172.2p, despite a rise of 8.6 per cent in the second half.

The final dividend is raised from 1.85p to 1.95p net for an increased total of 3.1p against 2.9p.

Monument Oil

Pre-tax profits at Monument Oil and Gas increased from £13,000 to £39,000 in 1985. Sales of oils and gas improved from £9,000 to £30,000, but the cost of sales rose from £6,000 to £172,000, resulting in a gross loss of £142,000 (£3,000 profit). Stated earnings per share of this USM quoted company were up from 0.03p to 0.16p.

George Ingham

George Ingham & Co., engaged in worsted spinning, earned higher taxable profits of £115,000, against £96,000, during the 1985 year. Turnover was up from £3.93m to £4.48m.

The final dividend is 1p (0.5p), making a 1.5p (1p) total. Earnings per 10p share were 5.11p (3.88p).

Gibbs and Dandy

Gibbs and Dandy, Luton-based builders' merchant, improved pre-tax profits from £408,099 to £601,144 in 1985, a 47 per cent increase. Turnover rose by £1.17m to £18.28m.

The dividend is lifted from 1.575p to 1.8p net per 10p share. Earnings shown ahead at 5.3p (3p), and after adjustment for over provision for tax in earlier years, as 3.7p (3.3p).

Manson Finance

Manson Finance Trust, a financial services company, reports slightly higher taxable profits of £676,000, against £644,000, for six months to end-1985.

Earnings per share, after tax of £259,000 (£282,000), improved by 0.2p to 1.4p. The interim dividend is up from 0.625p to 0.75p.

Relyon

For the 12 months to December 1985, turnover improved from £19.65m to £22.75m. In August, Mr John Smith, the chairman, reported that orders were at record levels.

An increased final dividend of 3p (2.8p) is being recommended, to bring the total for the year to 4.65p (4.45p). This will be paid from lower earnings of 12.57p (12.94p) per share.

LADBROKE INDEX
1,420-1,424 (+16)
Based on FT Index
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GRAND METROPOLITAN
PUBLIC LIMITED COMPANY

GRAND METROPOLITAN INTERNATIONAL FINANCE
PUBLIC LIMITED COMPANY

To: The holders of the:-

Grand Metropolitan Public Limited Company
(1) Luxembourg Francs 800,000,000
6¾% Bonds 1987
(2) U.S.$25,000,000
7½% Bonds 1980/87

Grand Metropolitan International Finance Public Limited Company
£50,000,000
10⅞% Guaranteed Notes 1990

Copies of the Annual Report and Accounts of each of the above-mentioned companies are currently available at the address shown below which is the registered office of both companies.

11-12 Hanover Square, London W1A 1DP.

This announcement appears as a matter of record only.

NISSAN

NISSAN MOTOR CO., LTD.

(Nissan Jidosha Kabushiki Kaisha)
(Incorporated under the Commercial Code of Japan)

U.S.$100,000,000

8¼ per cent. Bonds 1993

Issue Price 101½ per cent.

The following have agreed to subscribe or procure subscribers for the Bonds:

Yamaichi International (Europe) Limited	IBJ International Limited
Chase Investment Bank	
Fuji International Finance Limited	Algemene Bank Nederland N.V.
BankAmerica Capital Markets Group	Bank of Tokyo International Limited
Banque Nationale de Paris	Chemical Bank International Limited
Citicorp Investment Bank Limited	Credit Suisse First Boston Limited
Daiwa Europe Limited	Deutsche Bank Capital Markets Limited
Goldman Sachs International Corp.	Kleinwort, Benson Limited
Merrill Lynch Capital Markets	Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited	Morgan Guaranty Ltd
The Nikko Securities Co., (Europe) Ltd.	Postipankki
Prudential-Bache Securities International	J. Henry Schroder Wagg & Co. Limited
Société Générale	Sumitomo Finance International
Swiss Bank Corporation International Limited	Union Bank of Switzerland (Securities) Limited
S. G. Warburg & Co. Ltd.	

26th March, 1986

ASTRA

GROUP HIGHLIGHTS FOR 1985

☐ Earnings increased 26 per cent – exceeding SEK one billion for the first time.
☐ Local anaesthetics become Astra's second product group to record more than SEK one billion in sales.
☐ Pulmicort and Rhinocort approved for general use.
☐ Astra's free shares listed on The London Stock Exchange.

	1985 SEKm	1984 SEKm
Sales	4,436	3,911
Licensing income	384	312
Earnings after financial income and expenses and minority interests	1,041	822
Employees share in profits	(30)	(21)
Earnings before extraordinary items	1,011	801
Earnings per share after theoretical tax (SEK)	24.55	16.95
Dividend per share (1985 proposed) (SEK)	4.00	2.80

NOTICE OF ANNUAL GENERAL MEETING

☐ Shareholders are hereby notified that the Annual General Meeting of AB Astra will be held at Folkets Hus, Järnagatan 26, Södertälje, Sweden at 6 p.m. on Tuesday, 22nd April, 1986.

NOTICE OF ATTENDANCE
☐ In order to take part in the Annual General Meeting shareholders must
(i) be registered in the shareholders' register kept by Värdepapperscentralen VPC AB (the Swedish Securities Register Centre) not later than Friday, 11th April, 1986; and
(ii) notify the Company of their intention to attend no later than 3p.m., Thursday 17th April, 1986:
by telephone, by calling (46) 755 32980, extn. 1516
by mail, addressed to The Board, AB Astra, S-151 85 Södertälje, Sweden.

☐ Shareholders whose shares are registered in the names of trustees must temporarily re-register their shares in their own names to allow them to participate in the meeting. Such re-registration must be made not later than Friday, 11th April, 1986.

☐ A shareholder may attend and vote at the Meeting in person or by proxy but, in accordance with Swedish practice, the Company does not send forms of proxy to its shareholders. Shareholders wishing to vote by proxy should submit their own forms of proxy to the Company.

AGENDA
☐ 1. The routine business of the Annual General Meeting will be transacted in accordance with the Company's Articles of Association.
☐ 2. The meeting will also consider the Board's proposal to increase the Company's share capital from SEK 564,236,000 to SEK 752,314,650 by means of a bonus issue of one new share for every three existing shares held at the record date. Holders of free shares will receive their entitlement in free shares. The Board will propose Thursday, 18th September, 1986 as record date for the issue.

PAYMENT OF DIVIDENDS
☐ The Board will propose that the record date for entitlement to the dividend payable in respect of the financial year ended 31st December, 1985 shall be Friday, 25th April, 1986. Subject to this proposal being approved by the Annual General Meeting, it is expected that dividends will be distributed by Värdepapperscentralen VPC AB on Monday, 5th May, 1986.

BONUS ISSUE
Subject to approval of the bonus issue by the Annual General Meeting:
☐ the Company's shares will be traded ex the bonus issue on the Stockholm and the London Stock Exchanges from the opening of business on Tuesday, 16th September, 1986.
☐ bonus share allocations will be sent to shareholders not later than Thursday, 2nd October, 1986.

Södertälje, Sweden, March 1986
Board of Directors
AB Astra

Akzo nv Arnhem Holland

The annual general meeling of stockholders will be held on Wednesday, April 23, 1986, at 2:30 p.m. in Musis Sacrum, Velperplein, Arnhem, the Netherlands.

Facilities for simultaneous translation into English are eveilable.

Agenda
1 Opening
2 Report of the Boerd of Manegement for the fiscal year 1985
3 Approval of the financial statements; consideration of the dividend proposal
4 Determination of the number of members of the Supervisory Council; appointment of members of tha Supervisory Council
5 Proposal to designata the Boerd of Managemant as entitled to issue shares end to restrict or disregard the preemptive rights of stockholders
6 Proposal to authorize tha Board of Management to acquira shares in the Company on bahalf of the Company
7 Any othar business

Re item 4:
The vacancy caused by tha resignation of H.J. Schlange-Schöningen will not be filled for the time being, so that stockholders will be asked to reset the number of members of the Council at 9.
A.G. van den Bos end H.A. van Stiphout will ba recommended for reappointmant.

Re item 5:
This proposal concerns the designation of the Board of Managament, for a period of 5 years, ea entitled:
a) to issue, and to grant rights to take up, tha ordinary shares not yet issued;
b) to restrict or disregard the preemptive rights which the law accords to stockholders upon the issue or tha granting of rights by virtua of a) insofar as shares ere concerned which are issued pursuant to a resolution of the Board of Menagement.

Re item 6:
This proposal concerns the authorization of the Board of Management, for a period of 18 months, within the limits provided by the law and tha articles of association, to acquire for a consideration shares in tha company et a price not in excess of market value.

The egenda, tha signed financial stetements, as well as e list of personal data on the nominees for the Supervisory Council are available for inspection by stockholders at the Company's office, Velperweg 76, Arnhem.

There end through the undermentioned banks stockholders may obtain free copies of the aforesaid documants as well as e free copy of the ennual report.

Stockholders who wish to attend tha meeting should deposit their shares in order to establish their identity not later than Thursday, April 17, 1986 at the Company's office, Arnhem, Velperweg 76, or with one of the following banks:

in the Netherlands with Algemane Benk Nederland N.V., Amsterdam-Rotterdam Bank N.V., Bank Mees & Hope NV, Nederlandsche Middenstandsbank N.V. and Pierson, Heldring & Pierson N.V. in Amsterdem, Rotterdam, The Hague and Arnhem, insofer as said banks have branches in these cities, and with Rabobank Nederland at Utrecht;

in the Federal Republic of Germany and in West-Berlin with the Deutsche Bank AG, Deutsche Bank Berlin AG, Bank für Handel und Industrie AG, Berliner Handels- und Frankfurter Bank, Dresdner Bank AG and Sal. Oppenheim jr. & Cie. in Frankfurt a.M., West-Berlin, Düsseldorf, Cologne, Hamburg and Wuppertal;

in Belgium with Generale Bankmaatschappij N.V., Paribas Bank België N.V. and Kredietbank N.V. in Brussels and Antwerp;

in Luxembourg with Banque Générale du Luxembourg S.A. in Luxembourg;

in the United Kingdom with Barclays Bank PLC and Midland Bank PLC in London;

in France with Lazard Frères & Cie and Banque Nationale de Paris in Paris;

in Austria with Creditanstalt-Bankverein in Vienna;

in Switzerland with Swiss Credit Bank, Swiss Bank Corporation, Union Bank of Switzerland in Zurich and Basel and their branches, and also with Pictet & Cie in Geneva;

in the United States of America with Morgan Guaranty Trust Company in New York, N.Y.

The Supervisory Council

Arnhem, April 1, 1986

Akzo

UK COMPANY NEWS

CCA Galleries advances to £0.43m

CCA Galleries raised pre-tax profits by 30 per cent from £333,000 to £432,000 in 1985, against a forecast of not less than £410,000 made last August when the company joined the USM. Turnover was up 20 per cent at £3.55m, against £2.95m.

Markets for the company's main products, original prints and sculpture, showed good growth, both in publishing and dealing. Overseas sales accounted for half of turnover.

The directors say that in the light of the continued strength of the art market and the company's broad involvement both at home and internationally, they believe results for 1986 will again be satisfactory.

Foreign exchange fluctuations reduced profits by £61,700 in 1985, against a contribution of £81,900 previously. Stated earnings per 10p share rose from 5.5p to 7.1p and, as forecast, there is a final dividend of 1p net—had CCA's shares been quoted throughout 1985, a net payment of 2.35p for the year would have been recommended.

Among new developments, the company is to establish a framing subsidiary to undertake its own work, and in due course that of outside customers. Premises have been acquired in the Victoria industrial estate in Acton which are being fitted out. Staff have been engaged and operations will begin in the summer.

The company has also been conducting a market examination in London and the provinces to extend its retail/gallery operations.

CCA intends to take opportunities to acquire related businesses.

Yearlings

The interest rate for this week's issue of local authority bonds is 10½ per cent, down ⅛ of a percentage point from last week and compares with 12⅛ per cent a year ago. The bonds are issued at par and are redeemable on April 8 1987.

A full list of issues will be published in tomorrow's edition.

Restructuring benefits help Molins advance to £8m

ON REDUCED sales of £116.3m, against £133.5m, Molins, tobacco and corrugated board machinery group, increased pre-tax profits by £2.1m to £8.1m in 1985.

After lower tax of £2.5m (£3.5m) and minorities, the attributable profit came through at £5.7m, as against a £11.7m deficit before which reflected an extraordinary charge to £14.1m.

With stated after-tax earnings ahead from 8.2p to 19.2p, the dividend is held at 7.9p net with an unchanged final of 5.7p.

The directors say market conditions in all parts of the group's business are likely to remain intensely competitive in 1986. However, existing order books are satisfactory for most group factories and, following the steps taken in the physical restructuring of the business, this year's profits are expected to be at least comparable with 1985.

Exchange rate movements during the year had the effect of reducing the sterling value of group pre-tax profits by £1.1m.

Tobacco machinery profits up from £4.9m to £6.4m on lower net sales of £74m (£87.4m) reflected the benefits of restructuring the UK manufacturing facilities, plus the first contribution from the tobacco machinery rebuild unit.

Demand for the established packing machinery products continued at a low level, but substantial volumes of despatches were achieved in both cigarette making and handling equipment, with China and the US respectively being the largest single markets.

Net sales of the corrugated board machinery business were £42.3m (£46.1m) from which trading profits up £1m to £1.9m were made. Both Langston US and Langston UK traded profitably.

Cash and investments, less overdrafts, reduced in the year to £6m (£15.9m). This fall was substantially accounted for by restructuring costs included in the 1984 extraordinary charge, but paid in 1985.

Borrowings fell to £13.4m (£18.1m) and the ratio of debt (before deducting cash and investments) to equity reduced to 22 per cent (27.1 per cent).

● **comment**

The word pension appears nowhere in Molins otherwise fairly full statement—which is surprising as the fall in contributions contributed £1.35m to the £1.9m rise in pre-tax profits. With a four-year total contribution's holiday commencing this year forecasts of £9m pre-tax suggest no growth at all in 1986 given the £850,000 saving. And while the loss of 1,000 jobs—mostly on the UK tobacco side—over the last year will have cut overhead costs, the one-sixth decline in turnover has to be a worrying sign. Perhaps this was one of the reasons BAT was willing to sell its almost 30 per cent stake for 170p a share during the abortive management buy out attempt in 1985. These shares have now been placed—mainly with Ron Brierley's IEP (now with 20 per cent), M&G (11.1 per cent) and the Pru (now up to just over 6 per cent). IEP was no doubt attracted to Molins by the discount to net assets; NAV per share now stands at 205p against a share price of 190p. Mr Brierley must now be looking for a better return on his money than that currently being achieved. After the buy-out debacle, management could hardly oppose offers around the net asset value but would IEP want all of Molins?

Wiggins Teape growth continues

FOR THE fourth year in succession Wiggins Teape Group, paper merchant and maker of specialist papers, has reported increased profits. Trading profit improved by 42 per cent from £44.3m to £63m in 1985, with the net figure coming out at £40m, against £21.3m.

Group turnover increased by £96m to £888m, being helped by the acquisition in the period of Spicer-Cowan from Reed International and a 43 per cent stake in Soporcel, a Portuguese wood pulp producer.

Mr Jhon Worlidge, chairman and chief executive of this wholly-owned BAT subsidiary, says that the group has benefited from a £140m investment programme throughout the last five years.

During the period a number of products performed strongly, including business stationery, photographic papers, high technology drawing office papers and self-adhesive papers.

Provincial Insurance downturn

The Kendal-based Provincial Insurance suffered a severe setback on its general insurance operations in 1985 and just managed to achieve a pre-tax profit of £368,000, compared with a profit of £3.69m in the previous year.

Underwriting losses on its worldwide general insurance operations rose by more than 70 per cent from £12.65m to £21.68m—well in excess of investment income up 16 per cent in sterling terms from £15.04m to £17.49m.

Profits from non-underwriting subsidiaries and associated companies almost doubled from £2.27m to £4.36m. But it was left to the company's buoyant long-term business where profits jumped from £300,000 to £1.5m to achieve an overall profit result last year.

However, the company is lifting its dividends for the year by nearly 9 per cent from 23p to 25p.

Aspen improves to over £1m and set for major expansion

AS PREDICTED by the directors in February Aspen Communications achieved profits of £1.11m pre-tax for 1985, an improvement of £472,000 over 1984's £634,000.

The current year has started well with all divisions showing sales substantially ahead of those of the corresponding period of 1985. The directors say 1986 will be a year of further long-term development and major expansion of the group.

They will continue to pursue their policy of organic growth, supplemented by appropriate acquisitions.

Aspen, a specialist print, video, media and cellular mobile telephone group came to the USM a year ago with the promise of 2.8p dividend. However, a final of 1.8p raises the total to 2.8p net per 5p share.

The group's flotation raised £900,000 net. This, together with retained profits of £433,000 (£305,000) for 1985, resulted in borrowings falling from 173 per cent of shareholders' funds to 5 per cent at year-end.

The directors say the group is in a strong position to fund its future expansion from existing resources.

Turnover for the past year improved from £6.89m to £8.09m. Tax took £424,000 (£236,000) and minorities £47,000 (£39,000). Earnings emerged at 9.83p, against a previous 6.24p.

The business magazine production and publishing division had a satisfactory year despite lower second quarter volumes. Expansion plans, which will increase production capacity by some 70 per cent over five years, are nearing completion.

The division has started the current year with increased turnover and prospects for 1986 are described as excellent.

The directors are optimistic about the 1986 prospects for the corporate video and video-based advertising media sector and take a confident view of the mobile and cellular telephone division.

With the acquisition in February of ACT Preprint early indications for the computer forms division are encouraging.

Aspen purchased ACT Preprint for £1.38m in shares from Apricot Computers. The company had an estimated turnover of £2.63m and pre-tax profits of £253,000 in the nine months ended December.

The group completed the acquisition of In-Store Promotions in December 1985.

Inoco postpones drilling in Colombia

Inoco, the oil and gas exploration and production company which obtained a full listing last November, yesterday disclosed a net attributable loss of £1.16m for the nine months to end-December 1985.

In addition, Inoco revealed that its partner in the Colombian drilling programme, Pan Anglo Resources Inc, has been forced to withdraw because of the fall in oil prices, and that drilling will not start until a new partner is found.

Pan Anglo had agreed to bear 50 per cent of drilling costs in respect of the first three wells comprised in the initial drilling programme, and 43½ per cent of such costs in respect of the next four wells drilled.

Inoco's shares, which were offered at 55p each, closed 5p lower last night at a low of 39p.

Turnover for the financial period was £419,777, producing a trading profit of £38,396.

The loss was struck after two exceptional items, a £1.18m revaluation of US oil and gas properties and a £51,094 foreign exchange loss. There was a tax credit of £37,511.

Inoco says that it has reviewed the oil price fall subsequent to the end of 1985 and has accordingly considered it prudent to make an additional provision for the diminution of future US net revenues based on a continuation of current low oil prices.

However, the directors say that no similar provision is needed for the Colombian property "demonstrating the relative merits" of its pricing arrangement.

In the US, the Black Sand prospect was drilled successfully although a step out well, Tenneco B 1, was a dry hole.

Since the offer for sale, workovers have been carried out on certain of the existing Colombian wells. This has increased production from the field from 490 barrels per day to 1,296 barrels per day by the end of February.

The directors say that in spite of the current oil market conditions, Inoco has a positive cash flow which enables them to monitor the current situation with a view to exploiting opportunities as they occur.

Lopex set for flotation in May

BY ALICE RAWSTHORN

Lopex, the marketing communications group, has unveiled a 10 per cent rise in full year turnover to £100m and static profits at £2.3m, and has announced plans to float on the stock exchange.

The company, which is engaged in consumer, financial and recruitment advertising, public relations, market research and marketing services, will release 25 per cent of its equity in a flotation scheduled for late May.

The capital raised by the flotation, roughly one-third of which will be ploughed back into the company, will finance acquisitions and expansion in the US, Europe and eventually in the Far East, and further development in this country.

"We are very keen to continue the internationalisation of the company," said Mr John Castle, Lopex's chairman and chief executive. "We already make 50 per cent of our profits overseas and we would like to maintain that balance."

The company was formed in 1970, after the dissolution of the London Press Exchange. The LPE, which was one of the country's oldest advertising agencies, merged with the US-owned agency, Leo Burnett. Its consumer advertising accounts, representing 90 per cent of turnover, were absorbed by Leo Burnett's London agency; Lopex took over the rest.

Lopex first considered going public in the summer of 1984 after it repulsed a takeover bid from Saatchi & Saatchi. Institutional investors, including the Prudential and Pearl Assurance, now hold half its shares, the remainder is divided between past and present employees.

The sponsors to the flotation will be the merchant bank, Kleinwort Benson, and the brokers are Panmure Gordon.

In the year to December 31 Lopex's turnover increased to £100m, while profits rose slightly from £2.26m to £2.3m.

Lord Marsh, who joined the Lopex board last April, has been appointed deputy chairman.

Glanfield Lawrence back in profit in second half

Glanfield Lawrence, vehicle distributor and property and finance company, returned to the black in the second half of 1985, producing a full-year pre-tax profit of £25,000. In 1984, it suffered an amended loss of £251,000 and at the halfway stage in 1985 losses were £127,000.

Figures for 1984 have been adjusted to take account of further accounting errors of £46,000.

Earnings per share, pre-extraordinary items, came out at 0.3p (2.2p losses) and again the company, which is 75 per cent owned by Gregory Securities, is not paying a dividend.

Turnover excluding VAT was £10.58m (£19.36m) with trading profits of £333,000 (£83,000). Bank and loan interest was £308,000 (£334,000).

There was no tax charge against a credit last time of £160,000 and an extraordinary credit of £42,000 (£233,000 debit).

The directors say that the audited accounts will be qualified because as the auditors were not appointed until the last month of the year they did not report on the statements for the previous year and it has not been possible to carry out the normal procedures to check the opening balances. They also have had to rely on management for the completeness of certain records.

Acquisitions help Emess to 51% profit growth

ORGANIC GROWTH, plus significant contributions from two acquisitions, has enabled the Emess Lighting group to lift its turnover by 28 per cent, from £22.16m to £30.68m and its pre-tax profit by 51 per cent, from £2.24m to £3.38m in 1985.

Earnings per share have risen from 11.4p to 14.3p and the dividend is forecast 5.5p net on capital increased by rights issues, compared with 4.6p; the final is 3.3p.

Mr Michael Meyer, chairman, says the current year has started strongly with results in the first quarter being well up to expectations. "We are confident that 1986 will be another exciting and successful year," he tells members. Since the year end Emess has also acquired Abelsol-Marchant, a graphics and specialised paper products wholesaler.

Organically Emess grew by 30 per cent in the year although the two new acquisitions, the largest UK lampshade and lighting pottery supplier Marchant Holdings and the commercial lighting company Marlin Electric contributed significantly to the results.

Emess is said to be the UK's largest supplier of domestic lighting. The 20 per cent rise in turnover achieved represents an increase in market share. Emphasis on design and enlarged manufacturing capacity together with the addition of Marchant's product range brought in major new customers, says Mr Meyer.

Marlin's profitability increased by a third with exports contributing 25 per cent to turnover. A new design director has recently joined Marlin and its development programme, concentrating on low energy light sources, was accelerated. Full benefits of integrating Marlin have yet to be felt and will be apparent within the next two years.

Micheel Black, the group's electrical wholesaling and distribution company, increased trading profits by 30 per cent and £1.4m of its £3m acquisition cost has now been turned into cash.

After tax £1.36m (£829,000) the net profit for 1985 turns out to be £2.02m (£1.41m). Dividends absorb £705,000 (£376,000) and there are extraordinary debits of £10,000 (£142,000).

James Dickie

James Dickie & Company (Drop Forgings) increased pre-tax profits from £2,000 to £51,000 in the year to October 31, 1985, on turnover of £5.17m (£4.26m).

Overcapacity in both the forging and grey iron casting has resulted in continuing strong competition for available orders. Earnings per 25p share were 3.72p (1.95p) and the net dividend is 0.75p higher at 1.25p with a 0.75p final.

Town Centre

The inclusion of property dealing profits amounting to £268,000 enabled Town Centre Securities to raise profits before tax from £1.1m to £1.43m in the six months ended December 31 1985.

Gross rental and investment income rose from £2.83m to £3.33m and group revenue before interest from £2.09m to £2.54m—there were no property dealing profits in the comparable half year.

Attributable profits emerged at £851,000 (£601,000). Earnings amounted to 0.94p (0.66p) per 25p share. The interim dividend is 0.4p (same) net.

IN BRIEF

ASSET TRUST, formerly Asset Special Situations Trust, reports net revenue of £84,772 for nine months to end-December 1985 compared with £110,276 for the previous year. Net asset value per 10p share at the period-end was 51.8p against 48p nine months earlier. Final dividend is 0.25p (0.5p), making 0.75p for nine months (0.96p for previous year).

BREEDON and Cloud Hill Lime Works achieved £1.34m (£1.1m) in pre-tax profits for the 1985 on turnover up from £3.96m to £4.64m. The total dividend is 10p (8.9p) with a final of 7p (5.5p). Stated earnings rose to 14.03p (10.66p). Tax was £465,376 (£450,506).

Laurence Gould rises to £411,000

A further advance over the second six months saw 1985 profits of Laurence Gould and Co improve from £378,000 to £411,000 pre-tax.

Earnings for the year emerged 1.69p ahead at 13.32p per 25p share and an increased final dividend of 2.2p raises the total from 3.3p to 3.6p net.

The USM group is a consultant in the agriculture and agro-industries. The directors say aid programmes and international funding are becoming increasingly centred in Africa and with the Agrer subsidiary's work almost entirely in Africa this means the group is "very strongly entrenched where the action is."

Arcolectric rise

Arcolectric (Holdings), manufacturer of electric switches and neon signal lamps, has lifted its pre-tax profit from £227,000 to £283,000 for 1985.

Higher tax leads to reduced earnings of 3.07p (3.13p), but the final dividend is 0.47p for a net total of 0.72p (0.65p).

Turnover rose from £5.92m to £6.25m.

BASE LENDING RATES

ABN Bank	11½%	Grindlays Bank	‡11½%
Allied Dunbar & Co.	11½%	■ Guinness Mahon	11½%
Allied Irish Bank	11½%	■ Hambros Bank	11½%
American Express Bk.	11½%	Heritable & Gen. Trust	11½%
Amro Bank	11½%	■ Hill Samuel	§11½%
Henry Ansbacher	11½%	C. Hoare & Co.	†11½%
Associates Cap. Corp.	11½%	Hongkong & Shanghai	11½%
Banco de Bilbao	11½%	Johnson Matthey Bkrs.	11½%
Bank Hapoalim	11½%	Knowsley & Co. Ltd.	12 %
Bank Leumi (UK)	11½%	Lloyds Bank	11½%
Bank Credit & Comm.	11½%	Edward Manson & Co.	12½%
Bank of Ireland	11½%	Meghraj & Sons Ltd.	11½%
Bank of Cyprus	11½%	Midland Bank	11½%
Bank of India	11½%	■ Morgan Grenfell	11½%
Bank of Scotland	11½%	Mount Credit Corp Ltd.	11½%
Banque Belge Ltd.	11½%	Nat. Bk. of Kuwait	11½%
Barclays Bank	11½%	National Girobank	11½%
Beneficial Trust Ltd.	12½%	National Westminster	11½%
Brit. Bank of Mid. East	11½%	Northern Bank Ltd.	11½%
■ Brown Shipley	11½%	Norwich Gen. Trust	11½%
CL Bank Nederland	11½%	Peoples Trust	12½%
Canada Permanent	11½%	PK Finans. Intl. (UK)	12½%
Cayzer Ltd.	11½%	Provincial Trust Ltd.	12½%
Cedar Holdings	13 %	R. Raphael & Sons	11½%
■ Charterhouse Japhet	11½%	Roxburghe Guarantee	12 %
Citibank NA	11½%	Royal Bank of Scotland	11½%
Citibank Savings	¶11.95%	Royal Trust Co. Canada	11½%
City Merchants Bank	11½%	Standard Chartered	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12½%	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk	11½%		
Duncan Lawrie	11½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.08%. 1-month 8.03%. Top Tier—£2,500+ at 2 months notice 10.72%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
¶ Mortgage base rate.
§ Demand dep. 7.69%. Mortgage 12.25%.

FT COMMERCIAL LAW REPORTS

Digest of cases in Hilary Term

FROM JANUARY 14 TO FEBRUARY 5, 1986

Camera Care Ltd v Aktiebolag and Another (FT, January 14)

The Swedish manufacturer of Hasselblad Cameras, together with its UK distributor, were held by the European Court to have acted in concert by withholding their products, from Camera Care, a UK retailer, contrary to Article 85 of the EEC Treaty. A UK court subsequently granted Camera Care leave to serve a writ in Sweden despite irregularities in process on the ground that a tort had been committed within the jurisdiction. In allowing the manufacturer's appeal against service, the Court ... held that the fact that the European proce... established a concerted practice did not of itself indicate the commission of a tort in the UK. Moreover, service of process abroad was such an unusual assertion of extra-territorial jurisdiction that irregularities should be cured only in exceptional cases.

Investors in Industry Commercial Properties Limited v District Council of South Bedfordshire and Others (FT, January 15)

When commercial developers built warehouses on a site in Bedfordshire, they employed their own architects, structural engineers and main contractors. The foundations were inadequate and the warehouses had to be pulled down. In allowing the South Bedfordshire Council's appeal against a decision in the developer's favour holding the council negligent in failing to block the plans under the 1936 Public Health Act, the Court of Appeal held that the local authority owed no duty to developers to protect them from economic loss and was therefore not liable in damages.

*

Shamji and Others v Johnson Matthey Bankers Ltd and Others (FT, January 17)

Mr Shamji's companies, the Gomba group, agreed to pay the Johnson Matthey Bank £14.6m within 21 days. The bank undertook to extend the period for a further 14 days "if the negotiations with Lonrho Ltd" to raise the funds were still continuing. The money failed to materialise within the 21-day period, the negotiations with Lonrho fell through, and the bank appointed receivers under their debenture. Inter alia, Mr Shamji contended that the bank owed him a duty of care not to have appointed the receivers while he was still in the process of serious negotiations with other companies to raise funds. The Court of Appeal upheld Mr Justice Hoffmann's decision that the security documents granted the bank a power of appointment in completely unqualified terms and its exercise of that power could not be challenged except, perhaps, on grounds of bad faith.

*

Saudi Crown (FT, January 21)

Five bills of lading were issued by the shipowners' agents on July 15, 1982, although the cargo was not finally loaded until July 26. The buyer accepted the bills as valid but when he realised that the goods would not arrive on time, he concluded that the loading date had been fraudulently misrepresented. Mr Justice Sheen said that there was no ground for protecting the shipowners from liability for the errors of their duly appointed agents. An agent's authority clearly included the ascertainment and insertion of the correct date, which was, after all, a routine clerical task performed in the normal course of his duties and, where the date was material, his principal should be held liable for any misrepresentation.

Mancetter Developments Ltd v Garmanson Ltd and Givertz (FT, January 22)

Before Garmanson Ltd vacated the premises owned by Mancetter, it lawfully removed all the tenant's fixtures on the instructions of Mr Givertz, Garmanson's sole director. No attempt was made, however, to fill up or make good the holes. Because of the consequent disrepair to the premises, Mancetter had to allow the new tenants a seven-month rent-free period. By a majority, the Court of Appeal held that although actions for disrepair were now usually brought on a covenant in the lease a tenant could nevertheless be liable at common law for "voluntary waste" where he failed to repair the damage caused by an act of removal.

Lookball International Finance Ltd. v. Agroexport (FT, January 24)

Under the terms of an agreement between Agroexport (a Romanian state trading corporation) and Timis (another Romanian concern), Timis was entitled to all Agroexport's rights against the shipowners in a deal concerning the purchase of soyabean meal. After Agroexport failed to repay a loan due to Timis, the latter arrested the shipowners' vessel —thereby overriding an earlier agreement between Agroexport and the ship's mortgagees not to have the ship arrested. In interlocutory proceedings, Agroexport was mandatorily ordered to repay Timis the money. In allowing Agroexport's appeal, the court held that a mandatory order should not be given where it prejudged the action.

Bray (HM Inspector of Taxes v Best (FT, January 28)

Under the terms of a trust scheme, shares were held for the benefit of a company's employees. The trust subsisted, with variation, from 1957 to 1979 when the final distribution took place. The Special Commissioner decided that an allocation made to Mr Best out of the terminal fund comprised emoluments of his employment but that such emoluments could not be attributed to one or more years of assessment (the "chargeable periods"). On appeal by the tax inspector, Mr Justice Walton held that where a sum was paid to an employee for his service, the emolument must be in respect of some period—whether definable or overall. The matter should be returned to the Special Commissioner to decide over what period the additional emoluments must be deemed to have been earned, and how they were to be apportioned over the various financial years.

Smith and Others v Croft and Others (FT, January 29)

The minority shareholders of a company obtained an order, ex parte, that it should indemnify them in their action (a Wallersteiner v Moir order) in which they claimed that the company directors had paid themselves excessive remuneration. This charge had already been investigated and utterly refuted by an independent firm of accountants. While the rationale for a Wallersteiner v Moir order was to ensure that a minority shareholder should not be prevented from pursuing an obviously just case through lack of funds, Mr Justice Walton said, it should not be made (i) where it had scant chance of success; (ii) it was against the express wishes of the majority of independent shareholders; and (iii) the documents supporting the application had not been disclosed inter partes.

Hispanica de Petroles SA and Another v Vencedora Oceanica Navegacion SA ("The Kapetan Markos") (FT, January 31)

In dismissing a defendant's summons to set aside a writ, the Court of Appeal held that in the context of the Draconian remedy of the Mareva injunction, it was imperative that the plaintiff should make a full disclosure of all material facts, for otherwise he could be deprived of the benefit of the order. However, where the plaintiff made a mistaken submission of law this could not amount to a non-disclosure or material misrepresentation if he disclosed facts from which it appeared plain that he had an arguable claim.

Langford v Legal and General Assurance Society Ltd (FT, February 4)

Mrs Langford's car was broken into and her stock stolen after she had left her car in her own drive and proceeded to the porch of her house. Apart from a few seconds, she kept her car under constant observation. She even managed to tackle one of the thieves and was knocked to the ground twice in the process. The insurers refused to pay for the losses under the policy because the car was left "unattended." In giving judgment for Mrs Langford, Judge Lewis Hawser QC said that the insurers had failed to establish that the car was not "attended by the insured or by an employee." It was attended in any sensible and practical meaning of the word.

Buckingham v Francis and Others (FT, February 5)

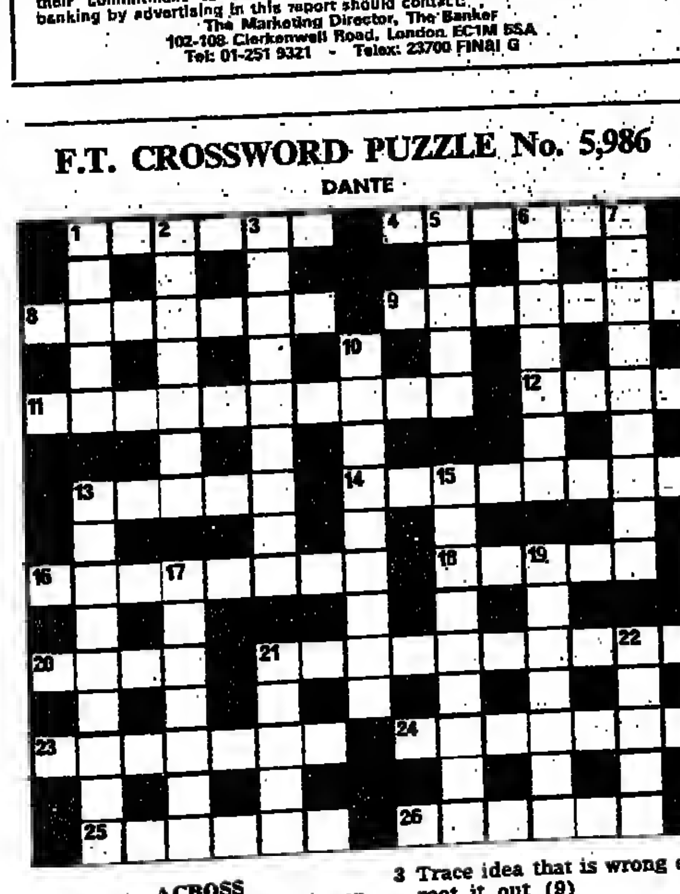
In 1981 Mr Buckingham, who was director of a company which supplied the print industry with materials and equipment, signed a written agreement offering his shares to the remaining shareholders. The court's present task was to assess the value of the shares where the company's assets comprised largely of stock and debtors. It was common ground that the value must be ascertained on a quasi-partnership basis, apportionment to be without regard to majority or minority interests; and that it was the value of the company as a going concern which must be assessed, not the break-up value of its assets in liquidation. The value of the company, said Mr Justice Staughton, was the capitalised sum representing future profits, against which was to be set an allowence for risk based on what a purchaser would require as a profit-earnings ratio.

This digest will be continued on Friday and will be concluded next Tuesday.

By Aviva Golden

F.T. CROSSWORD PUZZLE No. 5,986

DANTE



ACROSS

1 A naturally good leg-spinner (6)
4 Well before summer (6)
8 Delightful as any isle could be (7)
9 Sweetheart lost by doctor and poet (7)
11 Study discipline in a moral sense (10)
12 A catch one is delighted to exhibit (4)
13 You'll find Arabs around this city (5)
14 Vociferous appeal for a striker's dismissal (4, 4)
16 It may be used by a boxer without a ring apparently (4-4)
18 Stay clear when hungry prima donna returns (5)
20 Clean the decks for surgical inspection, perhaps (4)
21 In a way, pity is love really (10)
23 Town-crier's profession? (7)
24 Kind of beater used in the home or in the theatre (7)
25 Had a rewarding job (6)
26 Former forward, and a very good one too (6)

DOWN

1 Ovals? Possibly rounds (5)
2 Demands its sins be found out (7)
3 Trace idea that is wrong end root it out (9)
5 Examine a surgical instrument (5)
6 Visible understanding? (7)
7 Serious measure needed for those that are late (9)
10 Hotel isn't classified? Oh, but it is (2, 3, 4)
13 The world's greatest swimmer (4,5)
15 It's not intended to be a burden on the poor (6, 3)
17 Brook—a security risk? (7)
19 Observe slight upset, not the reverse (7)
21 Author receives this French money (5)
22 Frivolous answer to a crossword clue (5)

Solution to Puzzle No. 5,985

APPOINTMENTS

Robert Fleming makes management moves

At ROBERT FLEMING HOLDINGS Mr D. G. Thomas, deputy chairman, retired. Mr R. Fleming, Mr C. K. R. Nunneley and Mr D. C. F. Pearson have been appointed deputy chairmen and Mr C. M. Moore became a director. The following appointments have been made in subsidiary companies: at Robert Fleming & Co—Mr W. L. Banks becomes deputy chairman and Mr A. C. Armstrong, Mr A. I. Findlay, Mr J. E. Gardner, Mr N. W. S. Owen and Mr D. J. Young are made directors; at Robert Fleming Investment Management—Lord Mark Fitzalan Howard is made deputy chairman, and Miss M. A. Evans, Mr R. A. Fitzalan Howard, and Mr E. Hayes become directors; and at Robert Fleming Securities—Mr P. L. A. Jamieson is appointed deputy chairman, and Mr J. Busch, Mr D. C. Draper, Mr A. F. Gibbs, Mr M. Redgrave, Mrs S. Sam, Mr J. C. Serre and Mr G. Simmons become directors.

*

BAIN DAWES (incorporating R.H.A. Insurance Services) has appointed Mr Geoffrey S. Stokes as a non-executive director. Leicester.

*

Mr Richard Stein has been appointed to the boards of UDT HOLDINGS and United Dominions Trust, members of the TSB Group. He is finance director of BOC. Mr Freddie Aldous, managing director of Swan National, a subsidiary of UDT Holdings, has also been appointed to the boards of both companies.

*

Mr Christopher Smyth has been appointed managing director of SATCHWELL CONTROL SYSTEMS. He joins from Staveley Industries.

*

Mr P. J. W. Shuttleworth has been appointed secretary to POWELL DUFFRYN from April 1, in succession to Mr J. Seagrave who retires.

*

Mr Leopold Hirsch, Mr Peter Mason, Mr Christopher Oakley and Mr Kevin Wilkinson have been appointed to the board of HILL SAMUEL & CO.

*

Mr P. D. Evans has been appointed deputy chairman and chief executive of ENGLISH & AMERICAN INSURANCE GROUP. Mr C. M. Keeling and Mr A. R. Taylor become managing directors. These appointments are from April 1.

*

LOVELL HOMES has appointed Mr Peter Bailey, director and company secretary of the homes division, as business development director; and Mr Jeremy Webb, previously financial director with a Henley-based consultancy, joins as financial director; both from April 1.

*

Mrs Margaret Manley has been appointed a deputy manager at BROWN, SHIPLEY & CO in the the corporate finance department from April 1. She was formerly with Lloyds Merchant Bank.

*

National Westminster Bank's merchant banking subsidiary, COUNTY BANK, has appointed Mr George Wunsch as chief executive in New York of its planned US government securities trading operation, for which approval is being sought from the US regulatory authorities.

*

THORN ERICSSON, a telecommunications joint venture between Thorn EMI and Ericsson of Sweden, has appointed Mr Terry Henson as director for private systems. Previously he managed the operations department of the company.

*

M & G REINSURANCE has promoted Mr M. S. Harvey to deputy general manager. He will be considered for election as a director at the annual general meeting on May 6. Promoted to assistant general manager is Mr R. T. Edlin, and to manager, Mr R. W. A. Howe. Mr R. G. Willsmer, assistant general manager, will retire on December 31. Mr C. J. Fewell will take over as assistant general manager of the management information services division during the second half of 1986.

*

Mr Peter Bielby has joined KMG THOMSON McLINTOCK as chief executive of the firm's management consultancy practice. He comes from PA Management Consultants where he was director responsible for its consultency services in London, the City and six eastern home counties.

*

Mr H. C. Coxall, previously managing director of SECURICOR AIR COURIERS, has been appointed vice chairman. He is succeeded as managing director by Mr J. Wild, an assistant managing director of Securicor.

*

Mr Kevin Dower has been appointed managing director of ANTHONY POPPLE AND CO. a Lloyd's broker specialising in US casualty business. He was with the Bowring Group.

*

WILTSHIER SCOTLAND, Glasgow-based company in the John E. Wiltshier Group, has appointed Mr Mike Middlemiss, director/general manager, as managing director. Chief quantity surveyor Mr Norman Burn becomes surveying director. Mr Geoff Middleton, construction managar, becomes construction director. Mr John Wiltshier, previously chairman, hands over to recently-appointed group chief executive Mr John Watts and takes a non-executive role on the board. Managing director of Wiltshier Northern Mr Brian Guy also joins this board in a non-executive capacity.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames. 0491 576868

International Growth	265.3	284.1	+4.7	1.01
Income	190.6	204.1	+3.6	4.82
Worldwide Recovery	148.4	158.8	+3.7	1.60
American Growth	70.6	75.8	+1.6	0.82
Intl Emerging Cos	79.3	85.0	+2.1	0.42
Far East Growth Fd	65.2	70.0	+2.3	1.06
European Growth Fd	57.7	61.9	+1.2	1.80

Prolific Unit Trusts
222 Bishopsgate, London EC2 01 247 7544 7

Prolific American Inc	57.2	60.8	+0.8	3.53
Prolific Far East	152.6	163.1	+5.7	0.30
Prolific Extra Inc	82.1	87.1	+1.0	5.01
Prolific C vert & Gilt	96.6	102.4	+1.0	5.01
Prolific High Inc	177.5	188.2	+2.4	4.04
Prolific Intl	107.5	115.1	+2.5	1.27
Prolific N Amer	138.6	149.4	+1.1	2.02
Prolific Spec Sits	199.7	211.8	+2.4	1.42
Prolific Technology	114.6	122.8	+2.0	0.50

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc	68.1	72.5	+2.7	0.08
Japan Acc	68.2	72.6	+2.6	0.00
Worldwide Inc	66.4	70.7	+1.5	1.38
Worldwide Acc	67.3	71.6	+1.5	1.38
European Tst Inc	82.2	87.5	+2.0	0.63
European Tst Acc	82.5	87.8	+2.0	0.63
North American Inc	58.2	62.0	+1.6	1.60
North American Acc	58.9	62.7	+1.6	1.60
UK Equity Inc	65.5	69.7	+0.5	2.60
UK Equity Acc	67.1	71.4	+0.5	2.60

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA 01-588 3963

PM Equity Growth	59.8	63.8	+0.6	1.97
PM Income and Growth	58.1	62.2	+0.4	4.43

Prudential Unit Trust Mngrs Ltd (a) (b) (k)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377

Holborn Comm Trust	52.4	55.7	2.97
Holborn Equity Tst	405.4	431.2	3.08
Holborn European Trust	77.7	82.6	0.89
Holborn Gilt Tst	180.5	188.7	0.13
Holborn High Inc	65.1	69.2	6.25
Holborn Intl Growth	87.8	93.4	0.74
Holborn Japanese Trust	74.7	79.4	0.05
Holborn N Amer Trust	68.7	73.0	1.56
Holborn Spec Sits	62.4	66.3	2.85
Holborn UK Growth	81.5	86.7	2.82

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 0177

Quadrant Gen. Fd	418.6	445.4	-11.0	2.98
Quadrant Income	233.0	247.9	-2.3	5.17
Quadrant Intl Fund	371.4	391.0	+15.8	1.12
Quadrant Spec Sits	244.1	259.7	-6.6	3.91

Reed Stenhouse Inv Services Ltd
145 Borough High St, London SE1 1NV 01-628 6011

Wellington Inc	64.2	68.3	6.08
Wellington Growth	136.5	145.2	2.08

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 22271

British Life	172.4	185.5	+1.3	2.81
Reliance Unit Tst (Inc)	109.9	117.4	+1.1	3.61
Reliance Ut Tst (Acc)	144.2	154.1	+1.4	3.61

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4 01-280 5456

NC America (Inc)	279.7	291.5	+5.3	1.01
NC America (Acc)	300.9	320.0	+5.8	1.01
NC Engy Res Tst	134.7	143.2	-0.3	2.93
NC Inc Fd	90.3	96.0	+0.7	3.63
NC Japan Fd	161.5	171.8	+4.5	0.03
NC Smlr Australasian	52.6	55.9	+0.6	0.10
NC Smaller Cos	131.0	139.3	+0.7	2.20
NC Smaller European	160.8	171.0	+1.2	0.36
NC Ex Gt Tst Mar 17	£126.0	131.0		6.82
NC American Prop*	$11.57	12.18		—
NC Prop*	173.8	182.9		—

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)
33, King William St, London EC4R 9AS 01-638 5678

American March 27	224.3	228.5		2.03
Securities April 1	636.0	691.0	-6.0	2.56
High Yield April 1	156.0	158.5	-9.5	5.87
Merlin Mar 26	376.0	384.0		1.78
Fixed Interest April 1	176.5	177.5	+1.0	2.41
High Interest April 1	128.0	139.0	-1.5	11.90
Far East April 1	176.5	180.0	+11.0	0.28

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc	31.6	33.6	+0.5	1.4
American Income Acc	30.9	32.9	+0.7	5.5
American Income Inc	30.5	32.5	+0.7	5.5
European Growth Acc	46.1	49.7	+1.0	0.8
Far East Growth Acc	37.1	39.5	+2.5	0.6
Int Growth Acc	32.4	34.5	+0.7	2.0
Japan Growth Acc	47.3	50.3	+2.0	0.1
UK Growth Acc	36.2	38.5	+0.5	2.7
UK Income Acc	31.7	33.7	+0.4	5.3
UK Income Inc	31.4	33.4	+0.4	5.3
Managed Growth Acc	39.5	42.0	+2.0	2.0
Managed High Yield Inc	44.1	46.9	+0.3	7.0
Managed Income Inc	34.1	36.3	+0.3	5.0

Swiss Life Pen. Tst. Man. Co Ltd (a)(e)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist *	283.3	299.7	+22.5	3.26
Equity Acc *	340.9	360.7	+27.1	3.26
Fixed Int. Dist †	127.0	132.4	+0.1	10.21
Fixed Int. Acc †	187.4	194.1	+11.8	10.21

*Prices on April 1. Next dealing April 9
†Prices on April 1. Next dealing April 2

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 Dealings to 0264 63432 3

TSB American	116.9	124.4	+2.7	0.95
Do Accum	121.7	129.5	+2.8	0.95
TSB European	—	50.0		1.6
Do Accum	—	50.0		1.6
TSB Extra Income	107.1	114.0	+1.7	5.14
Do Accum	125.2	133.2	+2.0	5.14
TSB General	160.6	170	+2.2	2.61
Do Accum	261.5	278.2	+3.7	2.61
TSB Gilt & Fxd Int	52.2	54.4	+0.1	7.91
Do Accum	66.0	69.6	+0.1	7.91
TSB Income	217.2	231.1	+2.8	4.07
Do Accum	333.5	354.8	+4.4	4.07
TSB Pacific	133.4	141.9	+2.8	0.65
Do Accum	136.7	145.4	+2.8	0.63
TSB International	297.2	316.2	+8.5	1.62
Do Accum	364.9	388.2	+10.4	1.62
TSB Natural Resources	43.3	46.2	+0.1	2.79
Do Accum	46.5	49.5		2.79
TSB Slctd Opps	60.9	64.8	+1.0	1.35
Do Accum	66.7	71.0	+1.1	1.35

3i Unit Trust Managers Ltd
2 St Mary Axe, London EC3A 8BP 01-928 3356

Small Co's Fund	71.1	75.6	+1.8	0.1

Target Trust Mngrs. Ltd (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bks (0296) 5941

American Eagle	74.1	78.7	+0.8	0.44
Australia	18.9	20.1	+0.1	0.10
Commodity	70.5	74.2	-0.4	2.31
Energy	31.2	33.5	-0.1	1.62
Equity	127.3	136.8	+1.8	2.67
European Spec Sits	90.8	96.4	+2.3	0.25
Extra Income	109.1	117.4	+1.3	5.88
Financial	261.3	280.0	+1.0	5.82
Gilt Income	110.3	115.9	+0.0	7.71
Gold Income	58.1	62.2	-0.9	2.08
Gold Acc	106.0	113.5	-1.5	2.00
Income	80.9	86.3	+1.6	4.16
Japan	83.3	89.3	+2.5	0.10
Malaysia & Singapore	17.2	15.3	-0.4	1.55
Pacific Income	82.7	88.6	+2.4	0.08
Pacific Re Inv	101.4	100.6	+3.0	0.08
Preference Share	17.5	18.0		9.44
Special Sits	78.8	89.0	+0.9	0.96
Technology	46.0	49.1	+0.0	0.10
UK Capital	67.1	72.3	+0.5	1.84
World Income Fund	52.9	56.7	+1.5	6.67
Worldwide Capital	139.8	150.8	+1.6	1.67
Equity Exempt April 2	175.2	90.4	-1.5	1.92
Equity Ex Acc April 2	141.1	150.9	-3.0	1.92

Touche, Remnant Unit Trust Mngt Ltd
Mermaid Hse, 2 Puddle Dock, EC4 01-248 1250

TR American Growth	39.0	42.4	+1.3	0.80
TR General Growth	53.7	57.8	+0.6	3.09
TR Global Tech	41.6	44.5	+1.1	0.10
TR Income Growth	60.4	64.3	+0.7	5.44
TR Income Monthly	46.0	50.1	+0.3	7.65
TR Japan Growth	33.4	35.6	+1.3	0.10
TR Overseas Growth	42.4	45.5	+1.0	1.50
TR Smaller Cos	59.7	63.5	+0.5	2.91
TR Special Ops	64.2	68.3	+0.5	2.92

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-628 8011

TUUT March 3	150.8	161.2	3.50

Transatlantic and Gen. Secs. (c) (y)
91-99 New London Rd, Chelmsford 0245-51651

Equimco April 1	455.6	475.0	+1.6	3.71
(Accum Units)	743.1	774.7	+2.6	3.71

[illegible]

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

Property	110.2	116.0	[illegible]	—
UK Equity	172.9	182.1	[illegible]	—
American	143.4	151.1	[illegible]	—
Pacific	[illegible]	150.1	[illegible]	—
European	197.1	206.5	+0.3	—
International	152.3	160.4	+2.0	—
Fixed Interest	122.1	128.6	+0.8	—
Index Linked	101.8	107.2	+1.0	—
Deposit	108.7	114.5	+0.1	—
Managed	143.2	153.0	+1.3	—
Pens. Property	115.0	121.2	+0.1	—
Pens. UK Equity	189.8	199.9	+1.6	—
Pens. American	152.8	160.9	+0.8	—
Pens. Pacific	151.6	159.7	+5.4	—
Pens. European	210.1	221.5	+0.4	—
Pens. International	164.7	173.5	+2.4	—
Pens. Fixed Int	128.1	135.0	+0.8	—
Pens. Index Linked	104.1	109.7	+1.3	—
Pens. Deposit	118.4	124.7	+0.2	—
Pens. Managed	154.5	162.8	+1.0	—

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow 041-248 6321

Flex End Mar 18	775.0	799.0		—
Pen Magd Sept 30	490.1	513.5		—

Scottish Mutual Investments
109 St Vincent St, Glasgow 041-248 6321

Safety Fund	115.9	122.0		—
Growth Fund	117.5	[illegible]		—
Opportunity Fund	123.5	130.0		—
Cash Fund	100.7	106.0		—
European Fund	159.5	167.9		—
Gilt & Fxd Int Fund	114.4	120.5		—
Index Linked Fund	95.0	100.0		—
International Fund	125.9	132.6		—
North American Fund	104.2	109.7		—
Pacific Fund	134.1	141.2		—
Property Fund	100.5	105.8		—
UK Equity Fund	123.0	127.5		—
UK Smaller Cos Fund	127.7	134.5		—
Pens Safety Fnd	112.8	118.8		—
Pens Growth Fnd	113.0	119.0		—
Pens Opportunity Fnd	116.6	122.8		—
Pens Holiday Fnd	99.7	105.0		—
Pens Cash Fund	99.2	104.5		—
Pens European Fnd	136.9	144.2		—
Pens Gilt/Fxd Int Fnd	108.8	114.6		—
Pens Index-linked Fnd	95.4	100.5		—
Pens International Fnd	122.9	129.4		—

Sun Life of Canada (UK) Ltd Contd
Pension Plans

Pers. Pens. Account		776.5		—
Pens. Mgd Acc. Fd Accr	361.5	380.5		—
Pens. Equity Fd Acc	133.3	140.3		—
Pens. Prprty Fd Acc	104.7	110.3		—
Pens. Fixed Int Fd Acc	122.6	129.1		—
Pens. Int Fd Acc	110.8	116.6		—
Pens. Money Fd Acc	107.6	113.2		—
Pens. Ind-linkd Sec Acc	96.5	101.6		—
Pens. Gtd Fd Acc	105.9	111.5		—

Sun Life Unit Assurance Ltd
St James Barton, Bristol BS99 7SL 0272 426911

Managed Acc.	404.2	425.5	+7.2	—
Property Acc	208.0	219.0		—
Equity Acc.	571.1	601.2	+12.9	—
Fixed Interest Acc.	216.2	227.6	+1.8	—
Index-Linked Acc.	109.0	114.8	+1.2	—
Cash Acc.	175.0	184.3	+0.2	—
American Equity Acc.	197.1	207.2	+0.3	—
U S Bonds Acc.	120.8	127.2	+4.2	—
Japan Acc	184.3	194.0	+7.0	—
Pacific Acc.	93.0	97.9	+0.6	—
Far Eastern Acc.	336.3	354.0	+12.0	—
International Acc.	314.7	331.3	+5.2	—
U S Dollar Acc.	96.6	101.7	+1.4	—
Yen Acc.	115.1	121.2	+1.6	—
European Currency Acc.	105.4	111.0	+0.5	—
Distribution	166.4	175.7	+1.4	8.61
European	103.6	109.1		—

Sun Life Pensions Management Ltd
(Funds for individual pension contracts)

Pens. Managed Acc.	414.8	436.7	+8.1	—
Pens. Property Acc.	170.5	179.5		—
Pens. Equity Acc	543.6	572.2	+11.3	—
Pens. F Interest Acc	218.1	229.6	+2.3	—
Pens. Ind Lnkd Acc	107.4	113.1	+1.2	—
Pens. Cash Acc	184.8	194.1	+0.2	—
Pens. Amer. Equity Acc	175.6	184.9	+0.5	—
Pens. U S Bonds Acc	139.5	146.9	+5.6	—
Pens. Japan Acc	190.2	200.3	+4.0	—
Pens. Pacific Acc	124.2	130.8	+1.0	—
Pens. Far Eastern Acc	482.1	507.5	+15.3	—
Pens. Internat. Acc	401.7	422.3	+6.5	—
Pens. U S Dollar Acc.	102.4	107.8	+1.4	—
Pens. Yen Acc.	132.7	139.7	+4.2	—
Pens. Euro Curr Acc	110.8	116.3	+0.8	—
Pens. Euro Acc.	106.8	111.9		—

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks 0732 450161

OFFSHORE AND OVERSEAS

World Fund SA
2 Boulevard Royal, Luxembourg

World Fund NAV		$16.67	+0.07	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd		$15.94		—

Inv. Adv., M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech		$14.03		—
Dynamic Gwth Fd		$13.99	-0.00	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$11.58	12.27		—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB			01-588 1815	
Deposit	11.65		—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST.			01-236 0952	
Call Fnd	11.82	8.85	12.97	[illegible]
7-day Fnd	12.04	9.00	13.22	[illegible]
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE			01-236 1425	
Call Fnd	11.67	8.72	12.73	6-Mth
7-day Fund	11.73	8.77	12.80	6-Mth
Dollar	6.37		—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF			031-225 8484	
Full Service Chq Acc	11.00	8.00	11.77	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY			01-638 6070	
Treasury Acc.	11.00	8.22	12.12	Qtr
Mth. Int. Chq	11.00	8.22	12.20	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			01-283 9111	
HIBCA	12.10	9.05	13.49	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-628 8060	
Money Mkt Cheque Acc	10.75	8.03	11.90	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove			01-741 4941	
Money Market Plus		8.20	12.14	Mth
For other rates please 'phone our Rateline 01 846 9760				
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543				
£500-£2,500	8.05	6.00	8.77	Qtr
£2,500 +	10.72	8.01	11.79	Qtr
Dartington & Co Ltd.				
Dartington, Totnes, Devon TQ9 6JE			0803 862271	
Money Mkt Acc	11.00	8.22	12.11	Qtr
Edward Manson & Co Ltd				
9 Hennetts Place W1N 9AG			01-631 3313	
Cheque Deposit Acc	11.50	8.59	12.76	Mth
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH			01-628 8060	
Money Mkt. Cheque Acc.	11.00	8.22	12.20	Mth
Legal & General (Money Mngrs) Ltd				
355 Euston Road, NW1 3AG			01-388 3211	
High Int Dep Acc	12.04	9.00	13.14	6-mth
Lloyds Bank PLC				
71 Lombard St, London EC3P 3BS			01-626 1500	
HighIntCheque Account	10.75	8.25	12.16	Qtr
Lombard North Central PLC				
17 Bruton St, W1A 3DH.			01-409 3434	
14-Day Notice	11.25	8.409	12.013	—
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford.			0245 51651	
H.I.C.A.	11.00	8.23	12.21	Daily
Midland Bank plc				
PO Box 2, Sheffield.			0742 20999 Ext 8655	
High Int Chq Acc	10.70	8.00	11.78	Qtr
£10,000 +	11.04	8.25	12.16	Qtr
Oppenheimer Money Mngmt Ltd				
66 Cannon St, EC4N 6AE			01-236 1425	
Money Mngt. Acct	11.25	8.41	—	3-Mth
Phillips & Drew Trust Ltd				
120 Moorgate, London EC2M 6XP			01-628 9771	
High Int Chq Acc.	11.625	8.69	12.82	Qtr
Provincial Trust				
30 Ashley Rd, Altrincham, Cheshire			061-928 9011	
High Int Chq Acc.	12.00	8.97	13.29	Mth
Royal Bank of Scotland plc				
24 Lombard St, London EC3V 9BA			031-557 0201	
Premium Account	11.00	8.22	12.11	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB.			0708 66966	
H.I.B.A.	11.0	8.22	12.24	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol			0272 732241	
Demand Acc	11.23	8.39	12.37	Qtr
Money Acc	11.20	8.37	12.34	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth			0705 827733	
Special Acc.	11.00	8.23	12.20	Mth
Over £10,000	11.25	8.41	12.49	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL 1SE			0752 24141	
High Int Chq Acc	11.75	8.78	12.96	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int.Cr. frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS
3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Oil slide hits precious metals

BY MAX WILKINSON

GOLD, SILVER and platinum prices fell sharply in London yesterday at the resumption of trading after the Easter break.

At the morning fixing in London the silver bullion price fell 23.85p from its level on Thursday to £3.54 per ounce, representing a 6 per cent loss in value.

Gold fell $15 to $328.75 per ounce and platinum fell $13.75 to $409.75 per ounce.

The fall in price followed a sharp downward move for precious metals in New York over the Easter period. Dealers said there was an almost total lack of interest by buyers in generally thin trading.

The sharp fall in gold and platinum prices followed a period of general firmness since the beginning of the year though the trend of silver prices has been downwards for some time.

Dealers said that the recent further weakening of oil prices and the failure of the Organisation of Petroleum Exporting Countries to reach agreement on production cuts had turned sentiment against precious metals.

This was because the prospect that oil prices would remain depressed helped to strengthen the view that inflation would decline. The historic role of precious metals as a hedge against inflation was therefore further diminished.

Perhaps more immediately traders feared that lower oil prices would sharply reduce the ability of Middle Eastern buyers to invest in precious metals.

In addition there were fears that the USSR might become a heavier seller of gold in an attempt to compensate for the loss of oil earnings, which are the major part of its exports.

In Chicago on Monday, silver prices fell to their lowest since the summer of 1982. Silver for May delivery had fallen 40 cents on Monday to $5.165 per ounce, with many foreign traders joining in the selling.

The slide continued when trading opened in London, as spot oil prices weakened further, and general speculation mounted as to whether the bottom of the oil market might be reached at well below $10 per barrel.

Metal Exchange tightening credit rules

By Stefan Wagstyl

THE London Metal Exchange is tightening up the rules on the amount of credit ring-dealing traders are allowed to run up on the market.

The move, coming in the wake of the international tin crisis, is a stop-gap response to criticism that the exchange's credit limits were too generous.

The exchange has already announced a wholesale reform of its trading system, including the introduction of a clearing house, which is due to be completed by the end of the year.

The credit limit changes, which come into effect on Monday, will have little immediate impact since trading on the exchange is quiet and brokers have little need of using the limits to the full.

The LME Grade A copper contract, which was traded for the first time yesterday, got off to a slow start in the morning, with traders reporting that it would take time for clients to adjust. But heavy selling of copper in New York brought increased business to London in the afternoon. The new contract trades alongside and will eventually replace the Higher Grade contract.

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ending last Friday)

		(tonnes)
Aluminium	−3,700	to 167,500
Copper	−4,050	to 153,325
Lead	+5,700	to 65,550
Nickel	−714	to 5,634
Tin	−900	to 47,520
Zinc	+1,475	to 39,400
		(ounces)
Silver	−580,000	to 40,232,000

● Nonoc Mining and Industrial Corporation, the Philippines' only nickel producer, shut its refinery in Surigao province on March 22 because of a strike, a company official said yesterday, reports Reuter from Manila.

Personnel chief Mr Ramon Torralba, said the strikers initially demanded payment of salaries which were delayed for a month because of financial difficulties. They later asked for other benefits.

Nonoc produced 1.863 tonnes of nickel metal in the first two months of 1986 compared with 2.364 tonnes in January and February 1985. Its production capacity is 2,000 tonnes a month.

Mr Torralba said its nickel customer, the Swiss firm Marc Rich, had been notified of the strike. "We still have not made any decision on whether we would declare force majeure," he added.

China boosting incentives in bid to raise grain production

BY ROBERT THOMSON IN PEKING

THE Chinese Government has offered a package of grain-growing incentive to farmers, many of whom have used the freedom given under the economic reform policy to turn away from grain to more lucrative cash crops and sideline industries in the past year.

Grain is a sensitive political issue here, with conservatives in the Chinese leadership citing a fall in output last year as a sign that the country's economic reforms are in need of adjustment.

In response, the Government has allowed the major grain-producing province, Sichuan, in the south-west, to keep Y65m ($20m) in state taxes over the next five years to provide encouragements to farmers. Last year Sichuan's grain output fell to 38.3m tonnes, about 3m tonnes down from 1984.

Farmers throughout China are to receive cut-price fertiliser if they contract to grow grain while the amount of grain purchased at a higher, negotiated price is to be lifted, and more loans will be made available to grain producers despite generally tight credit control.

The Government has now admitted, however, that grain growers are becoming the lowest income class in the Chinese countryside, and figures from Sichuan show another significant drop in sown wheat area this year. Last year the sown area fell 200,000 hectares, and provincial authorities report another 56,000 hectares fell in area this year.

The National People's Congress, the Chinese version of a Parliament, is presently finalising an economic plan for the next five years. The State Planning Minister, Mr Song Ping, told the Congress that grain output this year will again reach the 1984 high of 400m tonnes, after falling to 380m tonnes last year.

Mr Song said the Government was planning on the principle that "we must never relax our efforts to increase grain production and to develop a diversified rural economy." Yet, diplomats say, if the diversification of the rural economy that has encouraged farmers to switch out of grain.

The success of the grain drive will obviously determine the level of China's import needs this year. In 1984, the country imported about 10m tonnes of wheat, and it is estimated that imports fell to just over half that figure last year.

Meanwhile, senior economic officials have told the National People's Congress that agricultural exports will be a major growth area in the coming five years. They, at least, expect China's exports of maize, soya beans and rice, which doubled last year, to increase significantly again in 1986.

Malaysia backs rubber pact

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government has expressed strong support for the International Natural Rubber Agreement (Inra), and rejected calls from its rubber smallholders' organisations for withdrawing from the agreement.

Datuk Paul Leong, the Minister of Primary Industry, said the downward adjustment in the Inra price range, the build-up of a large buffer stockpile, and poor rubber prices had given rise to criticisms that the Inra had been ineffective.

But the Minister pointed out the critics had failed to appreciate that Inra and its buffer stock mechanism "have never been intended to be the panacea for stopping any fall in prices," but to provide "a safety net" and a measure of price stability.

He told a natural rubber seminar in Kuala Lumpur yesterday, that if it were not for Inra and its buffer stock operations, the rubber price would have fallen even more sharply.

"The global economic recession, and its impact on the prices of commodities, in the past few years, are certainly not, by any standard, transient in nature."

"There is no doubt that Inra has benefited the producers, in the sense that it has succeeded in preventing the price of rubber from falling further than it would be under free-market conditions," he added.

Datuk Leong said there were flaws with the rubber agreement, which need to be rectified at the coming negotiations for a new agreement. These included the price range, and the buffer stock operations.

Another issue the Minister saw as of "vital importance" was the need among natural rubber producing countries to rationalise their output.

"The imbalance between supply and demand will be greatly exaggerated and will prevail over a long period, if expansion of output is not carried out in an orderly and healthy manner," Datuk Leong said.

US expected to buy more palm oil

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN PALM oil exports to the US are expected to reach 600,000 tonnes this year compared with 261,000 tonnes last year and 208,000 tonnes in 1984, according to Datuk Paul Leong, the Malaysian Minister of Primary Industries.

On his return from a month-long palm oil promotion tour of the Far East and the US, the Minister said the main reason for the anticipated export to the US was the low price, which was encouraging consumers to switch from soyabean oil.

Currently crude palm oil is selling at around $220 a tonne, representing a discount of $100 compared with soyabean oil.

While in the US, Datuk Leong addressed a seminar of the National Institute of Oil Products in Tucson, where he cleared doubts about the health properties of palm oil and called for coexistence between palm oil and soyabean oil industries.

The minister's Far East/US tour was aimed at finding new markets for Malaysian palm oil now that the market in the Indian sub-continent has reached saturation and is beginning to create balance-of-trade problems for Malaysia.

Datuk Leong said the Malaysian Government was planning to introduce palm kernel oil and refined palm oil future contracts on the Kuala Lumpur Commodities Exchange in addition to crude palm oil futures as a step to develop the exchange into "a palm oil futures complex."

Sharing out the 'golden milk shake'

FARMER'S VIEWPOINT

By John Cherrington

THE EEC commission's plan to buy out a proportion of the milk surplus, by paying dairy farmers a capital sum spread over seven years, is running into difficulties in Britain because of differences between the National Farmers' Union and the Country Landowners Association (CLA).

Some 40 per cent of UK farmers are tenants, and their landlords, represented by the CLA, wish to secure part of the pay-out for themselves.

Their case is that as they have provided the land and the facilities for dairying they should be compensated for the tenant giving up milking under this scheme, which would mean taking the farm out of dairying for ever. This, it is argued, would reduce the capital value of the farm for subsequent sale or letting to another tenant. The NFU, after long negotiations with the CLA, came up with an agreed solution that the share-out of the compensation should be 30 per cent to the tenant and 70 per cent to the landlord. This was literally shouted down at a recent meeting of dairy farmers in Somerset, after which the NFU's new president, Mr Simon Gourlay, retreated to London promising to look at the situation afresh.

The Somerset rebels have been joined by others and much pressure has been put on the NFU council. In consequence, the NFU has set up a completely new committee to look after the interests of tenant farmers.

Consultations are now continuing and there is a proposal that the share-out should be 50-50 but nothing is yet agreed by either side. Apologists for the NFU's earlier stand had claimed that had the union not agreed the earlier figure there would have been no protection to the tenant at all because any agreement would have had to be contained in the Agriculture Bill, which received the Royal Assent just before Easter.

The tenants' argument is that they are the prime factor in the success of a dairy farm and that had it not been for their skill and hard work milking cows twice a day there would have been no quota in the first place. Some of them have in fact put up all the buildings and indeed introduced cows to the holding in the first place. Under the Agriculture Holdings Act farmers have freedom of cropping and there is nothing to stop a tenant from giving up dairying and farming something else. It is only now that there is compensation involved that landlords or their agents have woken up to the possible loss of dairying for ever from their farms. The Minister of Agriculture, Mr Michael Jopling, has disliked the quota buy-out from the start probably because he foresaw this dispute, and has proposed that quotas should be leaseable initially for annual periods. Quota leasing is operating at present unofficially and is, I gather, working quite well in individual cases.

The EEC Commission however, can see no virtue in leasing because it would do nothing at all to reduce the Community's overall milk surplus, at present running at about 12 per cent of production.

Underlying the whole dispute there is a clear question of principle. The EEC ties the milk quota to the farmer himself whereas the CLA wishes for it to be attached to the land. Should an owner-occupier take advantage of the quota system it would of course remove the opportunity of dairying from the farm for ever, and according to the Commission the question of tenancies does not arise. They are not recognised in the Treaty of Rome or its interpretations.

There had been a previous outgoers scheme under EEC auspices but the limitation on restocking the holding then was five years and a number of farmers used it as an opportunity to restructure their farms. Some managed to get into dairying again before the quotas were introduced in April 1984.

The CLA has good reason to be taking a strong line on this because of a precedent would be created which might apply in the event of further quota impositions. These may not be as far off as is generally supposed. Mr Jopling himself is now talking of looking at some form of positive restriction on cereal production which could be in the form of a quota or an acreage set-aside. If this meant taking some cereal land out of production there would be some compensation for growers. Either a direct payment on an acreage basis or, as in the US system, a special guaranteed price to those who agreed to go along with the scheme.

In either case the payment would be unlikely to be high enough to support the farms' established overheads, which could lead to demands for rent reductions which would be difficult to resist. Alternative land uses proposed so far, such as forestry and leisure, do not appear to do much for cash flow in immediate terms.

If farmers and landlords cannot agree a formula for sharing the quota cost the obvious alternative would be compulsory arbitration, for which there is already provision under the Agriculture Act. Such proceedings could be long drawn out and very expensive to the participants particularly so because the terms of reference would have to be meticulously drawn up, probably by statute.

Some other EEC member countries don't take these matters quite so seriously. The Italians, by all accounts, have not even allocated quotas to their dairy farmers, two years after their imposition elsewhere, and it is believed that the same applies in parts of France. There is a lot to be said for a Latin attitude to rules and regulations.

LONDON MARKETS

A MINI-WAVE of bullish news buoyed zinc prices on the London Metal Exchange yesterday helping them to defy the generally weaker tone in base metals. Cash zinc ended £7 up from the pre-holiday close at £442.50 a tonne, while the three months quotation gained £8.75 to £454.25 a tonne. The main influence in the rise was Asarco's announcement that it was suspending production at its three Tennessee mines and laying off workers there. In addition Noranda announced a $30 rise to $700 in its European selling price, but the move was not followed by other producers. Further upward pressure was provided by news that striking workers at Amax's Sanget plant had rejected the company's latest pay offer. Sugar was again the strongest of London's soft commodity markets but the rise, which took nearby values $8 to $10 higher, mainly reflected New York's strength on Monday, when London was closed.

LME prices supplied by Amalgamated Metal Trading.

INDICES

FINANCIAL TIMES

April 1	Mar. 27	M'th ago	Year ago
			294.94

(Base: July 1 1952=100)

REUTERS

April 1	Mar. 27	M'th ago	Year ago
1841.6	1812.8		

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Mar. 31	Mar. 26	Month ago	Year ago
Spot	121.93	121.56	—	130.74
Fut.	121.56	121.93	—	133.91

(Base: December 31 1931=100)
* Not available due to suspension of tin LME

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Apr. 1 1986	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1025-1055	−5	$1220/240
Copper			
Cash h Grade	£974.5	−10.25	£954.5
3 mths	£995.25	−15	£977.25
Gold Troy oz	$328.75	−15	$336.5
Lead Cash	£250.5	+1.25	£253.75
3 mths	£258.5	+0.75	£263.75
Nickel			
Free Mkt	178/186c	−5	187/207c
Palladium oz	$106.5	−3.5	$106.25
Platinum oz	$409.75	−13.75	$391.95
Quicksilver	$230/250	−5	$230/248
Silver troy oz	354.15p	−23.85	381.75p
3 mths	364.05p	−23.8	392.5p
Tin			
3 mths			
Tungsten	$55.51		$66.32
Wolfram 22.04lb	$48/53		$56/65
Zinc	£442.5	+7	£411
3 months	£454.25	+8.75	£424
Producers	$650/670		$650/670
OILS			
Coconut (Phil)	$380y	+2.5	$395
Palm Malayan	$285w	+12.5	$270
SEEDS			
Copra Phil	$190z		$190
Soyabean (U.S.)	$159y		$220.95
GRAINS			
Barley Fut.Sept.	£100.5	+1.45	£116.15
Maize	£145x	+2.5	£145.00
Wheat Fut. July	£122.75	+0.65	£118.45
No. 2 Hard Wint.			
OTHERS			
Cocoa Ft. May	£1591.5	−26	£1539
Coffee Ft. May	£2409	−55.9	£2623
Cotton A Index	50.85c	+0.65	53.95c
Gas Oil May	$110.25	−18.75	$153.5
Rubber (kilo)	57.75p		58.5p
Sugar (raw)	$213.5	+9.5	$146
Wooltops 64s	411p kilo		428p kilo

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	861.5-2.5	−5.25	810/804
3 months	826-7	−1.75	857/831.5

Official closing (am): Cash 805-10 (807-7.5), three months 835-6 (826-8.5), settlement 810 (807.5). Final Kerb close: 824-25.

Turnover: 16,250 tonnes.

COPPER

Higher grade	Unofficial close	+ or −	High/low
Cash	974-5	−18.25	986/969
3 months	996-6.5	−15	1009/999
	*Grade "A"		
Cathodes Cash	970-2	−10	—
3 months*	981-4	—	—
	*Standard		

Official closing (am): Cash 984-5 (984.5-6), three months 1007-7.5 (1003-3.5), settlement 985 (985). Final Kerb close: 992.5.

Official closing (am): Cash 980-2 (980-2), three months 1003-4 (1002-4), settlement 982 (982).

Turnover: 41,250 tonnes. US Producer prices 70-76 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	250-1	+1.25	—
3 months	258-9	+0.75	258/255

Official closing (am): Cash 247-7.5 (249-9.5), three months 255-5.5 (257.5-8), settlement 247.5 (249.5). Final Kerb close: 258-59.

Turnover: 11,275 tonnes. US Spot: 18-20 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per month	+ or −	High/low
Cash	2690-5	−19.5	2715
3 months	2755-70	−15	2805/2765

Official closing (am): Cash 2710-5 (2700-10), three months 2780-5 (2780-5), settlement 2715 (2710). Final Kerb close: 2165-70.

Turnover: 780 tonnes.

TIN

KUALA LUMPUR TIN MARKET: Unavailable (15.70) ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per month	+ or −	High/low
Cash	449-3	+7	—
3 months	454-4.5	+8.75	457/450

Official closing (am): Cash 445-5.5 (435-6), three months 457.5-8 (445-6), settlement 445.5 (436). Final Kerb close: 455-56.

Turnover: 5,650 tonnes. US Prime Western: 30.50-35.75 cents per pound.

GOLD

Gold fell $15 an ounce from Thursday's close in the London bullion market yesterday to finish at $328½-329. The metal opened at $334¼-334¾ and traded between a high of $334½-335 and a low of $328-328½. Lower oil prices prompted a sharp downward correction following heavy losses in New York on Monday. It was fixed at $333.70 in the morning and slipped further during a prolonged afternoon fixing to $333.10.

GOLD BULLION (fine ounce) April 1

Close	$328½-329	(£223¾-224¼)
Opening	$334¼-334¾	(£228-228)
M'n'g fix	$333.70	(£227.906)
Aft'n'n fix	$333.10	(£226.291)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$336½-337	(£228¾-229¾)
½ Krug.	$175½-176¾	(£119¼-120⅛)
¼ Krug.	$82¼-90⅓	(£60¾-61⅛)
1/10 Krug.	$36-37	(£24½-26¼)
Mapleleaf	$344½-346	(£234¾-235)
Angel	$339¾-341¾	(£231⅛-233)
1/10 Angel	$33¼-38⅛	(£22¾-26)
New Sov.	$80-80⅓	(£54⅛-54¾)
½ New Sov	$47½-48	(£32¼-32¾)
Old Sov.	$87-88½	(£59¼-60¼)
$20 Eagle	$425-465	(£289½-315¾)
Noble Plat	$421¾-426½	(£287½-290¾)

SILVER

Silver was fixed 23.85p an ounce lower for spot delivery in the London bullion market yesterday at 354.15p. US cent equivalents of the fixing levels were: spot 518.5c, down 43.25c; three-month 527.75c, down 43.75c; six-month 537.15c, down 44.2c; and 12-month 555.8c, down 46.1c. The metal opened at 352-354p (517-519c) and closed at 343-345p (504-506c).

SILVER per troy	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	354.15p	−23.8	340.6p	−32.5
3 months	364.05p	−23.8	350.0p	−35.5
6 months	372.75p	−24.7	—	—
12 months	389.75p	−25.4	—	—

LME—Turnover: 0 (2) lots of 10,000 oz.

Three months high 391p, low 389p. Final kerb 349-51p.

RUBBER

PHYSICALS—The London market opened slightly easier, very little interest throughout the day and closing quiet, reports Lewis and Peat. Closing prices (buyers): Spot 57.75p (57.75p); May 55.75p (55.75p); June 56.25p (56.25p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg: RSS No 1 was 192.0 (193.5) and for SMR 20 184.0 (187.0).

MEAT

Pigmeat traded unchanged to slightly higher in lacklustre conditions whilst Beef, although untraded, was bid up on the April position, reports Eastern Capital-CCST.

PIGMEAT Month	Latest close	+ or −	BEEF Latest close	+ or −
	p. per kilo (deadweight)			
April	102.60	+0.25	213.00	+18.09
May	102.60	+0.50	—	—
June	103.00	+0.50	—	—
July	102.60	+0.50	—	—
Aug	102.5	+0.50	—	—
Sept	107.1	+0.50	—	—

Pigmeat sales: 8 (27) lots of 50 carcases, 3,250 kg.

Beef sales: 0 (17) lots of 20 sides.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.36p per kg lw (+0.46). GB—Sheep 252.14p per kg est dcw (+11.38). GB—Pigs 75.41p per kg lw (+1.95).

COCOA

Opening £20 easier, a little lower than the dues, futures remained in a narrow range thereafter and although £37 off at the lows rallied on the final call to end the day on a steady note, reports Gill and Duffus.

COCOA	Latest Close £ per tonne	+ or −	Business Done
May	1590-1593	−26.0	1490-158
July	1425-1437	+ 9.0	1452-141
Sept	1467-1458	+ 6.0	1480-144
Dec	1497-1500	+91.1	1497-148
March	1527-1535	+24.1	1551-151
May	1545-1560	−17.1	1555-154
July	1560-1585	+12.1	1575-156

Sales: 2,847 (3,224) lots of 10 tonnes.

COFFEE

London was due to open as much as £100 higher against a steady New York close with a lack of any fresh news in the market to substantiate New York's strong performance. London opened £56 higher basis July and then drifted lower throughout the day in very thin conditions. Trade selling was consistent and early buyers soon liquidated when the buying disappeared. Physical offtake was limited, reports Drexel Burnham Lambert.

COFFEE	Yesterday Close	+ or −	Business Done
May	2409-10	−55.9	2512-2400
July	2456-60	−48.5	2560-461
Sept	2515-20	−44.9	2515-515
Nov	2562-63	−55.5	2551-580
Jan	2590-00	−27.5	2665-650
Mar	2590-20	−50.8	—
May	2600-30	—	—

Sales: 2,796 (4,183) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for March 31. Comp. daily 1979 204.36 (202.25); 15-day average 203.41 (203.60).

SOYABEAN MEAL

Commercial selling kept prices on the defensive throughout a quiet trading session, reports Muirpace.

	Latest close £ per tonne	+ or −	Business Done
Apr	155.5-135.5	+1.50	—
June	129.5-130.5	−1.25	—
August	129.5-125.7	−0.90	196.7
October	126.8-128.5	−0.55	126.5
Dec	127.5-128.5	+0.75	—
Feb	128.5-132.0	—	—
Apr	126.8-134.9	+0.5	—

Sales: 81 (132) lots of 20 tonnes.

GRAINS

Old crop markets were very dull, reflecting inactive delivered markets while new crops traded nervously on shipper buying with merchant switch trade contributing to majority of days trade, reports T. G. Roddick.

Mnth	WHEAT Latest close	+ or −	BARLEY Latest close	+ or −
May	119.55	+0.08	116.10	−0.15
July	120.35	+0.15	—	—
Sept	100.65	+0.10	99.00	−0.05
Nov	105.55	—	102.20	−0.15
Jan	106.80	+0.05	105.55	−0.05

LONDON GRAINS—Wheat: US Dark Northern spring No 1 15 per cent May 127.75, June 126.00 transhipment East Coast. US No 2 soft red winter June 93.75, July 93.25. EC firm half April 140.50. English feed fob April 120.25 buyer. May 121.50/121.75, July 122.75/123.00, Sept 102.00/102.50 buyer/sellers, Oct 105.50 buyer, Oct/Dec 107.50/108.00, Jan/Mar 112.80/113.00 buyer/sellers. April/June 117.50 seller. Maize: US No 3 Yellow/French transhipment East Coast April 143.00. Barley: English feed fob April 117.50/118.50, May 112.50/112.75, June 119.50/120.00 buyer/sellers, July/Aug-Aug 98.50 buyer, Sept 100.50, Oct/Dec 105.50, Jan/Mar 110.80 buyer, rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: N. West 111.50. The UK monetary coefficient for the week beginning Monday April 7 (based on HGCA calculations using 3 days exchange rates) is expected to change to 1.066.

Business done—Wheat: May 118.80-8.50, July 20.35, Sept 100.55-0.40, Nov 103.65-3.45, Jan 106.85-6.65. Sales: 94 lots of 100 tonnes. Barley: May 116.10, Sept 99.05-8.95, Nov 102.20, Jan 105.55-5.50. Sales: 40 lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $213.5 (£145.5), up $9.5 (up £7.5) a tonne for April/May delivery. White sugar $224.00, up $4.00.

No. 6 Contract	Yesterday close	Previous close	Business done
	$ per tonne F.O.B.		
May	—205.0	195.8-195.5	206.8-198.8
Aug	204.4-205.8	197.4-197.8	204.4-199.8
Oct	—205.0	197.8-197.5	206.4-198.5
Dec	202.8-205.4	199.0-201.2	—
Mar	210.8-211.0	205.9-206.8	212.0-207.4
May	212.8	—	206.0-206.0	—
Aug	214.9	—	208.8-215.8	—

Sales: 4,191 (6,626) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £251.5 (£243.5) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for March 27. Daily price 8.41 (3.05); 15-day average 7.11 (5.97).

PARIS—(FFr per tonne): May 1600/1602, Aug 1635/1637, Oct 1660/1665, Dec 1680/1700, Mar 1735/1754, May 1775/1795.

POTATOES

In response to cold wet holiday weather conditions and expectations that planting would be further delayed, market opened £1.70-1.90 up. April fell back from highs to drift in thin volume to unchanged by close. May improved during early trade to register gains of £3.80 on overnight values. Profit-taking trimmed levels for close, reports Coley and Harper.

Month	Latest close	Previous close	Business done
	£ per tonne		
Apr	104.40	104.50	105.00-104.00
May	124.70	122.50	125.40-124.40
Nov	83.30	83.40	84.00-83.80
Feb	91.50	90.50	99.00
Apr	106.70	106.50	107.70-107.00

Sales: 1,628 (1,393) lots of 40 tonnes.

Earlies—July 96.50-1.5, 98.00-97.50; Aug 75.00 unchanged; Sept 70.00 unchanged. Sales: 13 (9) lots of 10 tonnes.

OIL

In thin trade early April Brent sold at $10.25 and mid-April Forties at $9.90. Forward Brent sold as low as $9.20 for July but by the close buyers were around $9.25 for June and July with sellers hard to find. Nymex WTI for May opened 52 cents down and traded 32 cents down at noon EST following a morning of erratic prices. In the petroleum products market heavy fuel and gasoil prices continued to fall in line with lower crude prices. Trade was thin across the barrel—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	—	—
Arab Heavy	—	—
Dubai	15.09-10.20	−0.30
Brent Blend	10.10-10.50	−0.30
W.T.I. (1pm est)	9.85-15.05	n/a
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	137-161	+1
Gas Oil	125-127	−16
Heavy fuel oil	69-72	−9
Naphtha	106-110	−9.5
	*May	

Petroleum Argus estimates.

GAS OIL FUTURES

Month	Latest Close	+ or −	Business Done
	$ US per tonne		
April	128.25	−12.00	135.00-27.00
May	110.25	−18.75	121.25-19.00
June	107.00	−16.00	117.00-09.00
July	106.00	−16.00	116.50-05.25
Aug	107.50	−16.50	117.00-07.50
Sep	115.25	−12.25	120.00-15.25

Turnover: 4,470 (4,810) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index. $ a barrel (Close, change, business done): Index 10.14, −1.75; May 9.50-10.40, −1.10; June 6.00-10.00, −7.70; July 9.40-10.50, −1.17; August 9.80-10.80, −1.75.

FREIGHT FUTURES

The market fell as fresh trade selling and long liquidation became evident.

	Close	High/Low	Prev.
	Dry Cargo		
April	754/755	762/754	775/778
July	710/712	715/710	716/719.3
Oct.	819/814	817/818	823/824
Jan.	832/840	835/830	842/849
April	918/925	—	923/915
July	800/825	—	810/815
Oct.	887/895	—	880/910
Jan.	885/935	—	890/920
BFI	732.5	—	733.5

Turnover: 211 (158).

	Close	High/Low	Prev.
	Tankers		
Mar.	772/800	790	—
April	775/800	790	810/840
May	751/800	780	770/825
June	975/1000	—	761/825
Sept.	960/1010	—	975/980
Dec.	972/1015	—	275/1000
BTI	889	—	915

Turnover: 72 (63).

CURRENCIES MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling loses ground

Sterling finished at its best level of the day but was still well down from Thursday's closing levels. Sentiment was influenced by a fall in North Sea oil prices to below $10 a barrel. However, the pound recovered from its worst level, helped by the relatively high level of UK interest rates. Trading was a little quieter than usual on the first full day after the Easter break. Sterling's exchange rate index opened at 75.6, sharply down from Thursday's close of 76.3. It recovered a little towards the close, however, to finish at 75.8.

Against the dollar it touched a low of $1.4615 before finishing at $1.4710-1.4720, a fall of 1.25c. It fell against the D-mark to DM 3.4350 from DM 3.4500 and Y261.75 from Y266.25. Elsewhere it dipped to SFr 2.8550 from SFr 2.8900 and FFr 10.5350 compared with FFr 10.6175.

The dollar showed mixed changes in rather confused trading. The market appeared to lack any clear motivation with uncertainty caused by volatility of oil prices and the current meeting of the Federal open market committee. There was speculation that a less than vigorous US economy might tempt the authorities into a further relaxation of monetary policy. On the other hand the dollar received underlying support from reports that the Bank of Japan had bought dollars in Tokyo in order to slow the yen's appreciation.

Yesterday also saw the release of US factory orders which showed a 1.4 per cent decline in February, somewhat below expectations. On the other hand US construction spending rose 1.2 per cent.

The dollar rose to DM 2.3350 from DM 2.3265 against the D-mark but was weaker against the yen at Y177.90 from Y179.45. Elsewhere it was barely changed against the Swiss franc at SFr 1.9475 from SFr 1.9480 but rose against the French franc to FFr 7.1605 from FFr 7.1550. On Bank of England figures, the dollar's exchange rate index fell to 118.9 from 119.3.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1990. March average 2.2677. Exchange rate index 132.1 against 127.8 six months ago.

The D-mark finished above the day's lows against the dollar in Frankfurt yesterday in rather quiet trading on the first full day after the long Easter break. The dollar closed at DM 2.3315 compared with DM 2.3285 on Thursday but down from levels touched in New York on Monday. A lack of clear direction kept the dollar within a fairly narrow range. Elsewhere sterling gained support at lower levels despite a further decline in oil prices.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 175.05. March average 178.65. Exchange rate index 196.0 against 169.9 six months ago.

The yen finished weaker against the dollar in Tokyo yesterday after intervention by the Bank of Japan. The dollar had fallen sharply in very thin New York trading on Monday mainly on position squaring on the last day of the Japanese financial year. It touched a low of Y177.25 in Tokyo in early trading but came back to Y177.50 after the authorities were seen buying small dollar amounts. It closed at Y178.50 up from Y177.50 in New York although still down from Monday's close of Y179.65. Despite the central bank intervention, dollar sentiment remained bearish, awaiting some improvement in US economic performance.

£ IN NEW YORK

Close	April 1	Prev. close
£ Spot	$1.4690-4700	$1.4680-4700
1 month	0.60-0.57pm	0.63-0.52pm
3 months	1.47-1.42pm	1.61-1.58pm
12 months	3.90-3.60pm	3.85-3.70pm

Forward premiums and discounts apply to the US dollar

POUND SPOT—FORWARD AGAINST POUND

April 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4615-1.4730	1.4710-1.4720	0.59-0.56c pm	4.69	1.48-1.43pm	3.93
Canada	2.0370-2.0475	2.0465-2.0475	[illegible]	[illegible]	[illegible]	1.01
Nethlnd.	3.85½-3.87½	3.86½-3.87½	[illegible]	[illegible]	[illegible]	5.68
Belgium	69.85-70.35	70.15-70.25	[illegible]	[illegible]	[illegible]	0.97
Denmark	12.58-12.66½	12.65½-12.66½	[illegible]	[illegible]	[illegible]	3.44
Ireland	1.1285-1.1350	1.1320-1.1330	[illegible]	[illegible]	[illegible]	-8.00
W. Ger.	3.41½-3.44	3.43-3.44	[illegible]	[illegible]	[illegible]	5.55
Portugal	220-223	221½-223	[illegible]	[illegible]	[illegible]	-14.13
Spain	214.35-216.05	214.60-214.80	[illegible]	[illegible]	[illegible]	-2.28
Italy	2324-2335	2330½-2331½	[illegible]	[illegible]	[illegible]	-3.95
Norway	10.66½-10.70½	10.68½-10.70½	[illegible]	[illegible]	[illegible]	-1.87
France	10.49½-10.54½	10.53-10.54	[illegible]	[illegible]	[illegible]	-1.61
Sweden	10.64½-10.67½	10.65½-10.67½	[illegible]	[illegible]	[illegible]	0.53
Japan	261-262¾	261¼-262¼	[illegible]	[illegible]	[illegible]	6.10
Austria	23.98-24.06	24.02-24.06	[illegible]	[illegible]	[illegible]	5.62
Switz.	2.85½-2.87	2.86-2.87	[illegible]	[illegible]	[illegible]	6.58

Belgian rate is for convertible francs. Financial franc 71.25-71.35. Six-month forward dollar 2.34-2.29c pm, 12-month 3.30-3.75c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4615-1.4730	1.4710-1.4720	0.59-0.56c pm	4.69	1.48-1.43pm	3.93
Ireland†	1.2925-1.2995	1.2975-1.2985	[illegible]	[illegible]	[illegible]	8.26
Canada	1.3905-1.3945	1.3910-1.3920	[illegible]	[illegible]	[illegible]	-3.08
Nethlnd.	2.6220-2.6415	2.6380-2.6390	[illegible]	[illegible]	[illegible]	1.80
Belgium	47.65-47.95	47.85-47.75	[illegible]	[illegible]	[illegible]	-3.00
Denmark	8.57-8.64	8.60-8.60½	[illegible]	[illegible]	[illegible]	-0.49
W. Ger.	2.3280-2.3400	2.3345-2.3355	[illegible]	[illegible]	[illegible]	2.70
Portugal	150-153	151½-151¾	[illegible]	[illegible]	[illegible]	-18.09
Spain	145.55-146.90	146.30-146.40	[illegible]	[illegible]	[illegible]	-8.00
Italy	1583-1590	1583½-1584½	[illegible]	[illegible]	[illegible]	-7.87
Norway	7.26-7.28	7.27-7.27½	[illegible]	[illegible]	[illegible]	-5.84
France	7.14-7.17	7.15¾-7.16¼	[illegible]	[illegible]	[illegible]	-6.30
Sweden	7.23-7.26	7.24½-7.24¾	[illegible]	[illegible]	[illegible]	-3.43
Japan	177.55-178.90	177.85-177.95	[illegible]	[illegible]	[illegible]	2.18
Austria	16.34-16.41	16.37-16.38	[illegible]	[illegible]	[illegible]	1.83
Switz.	1.9420-1.9560	1.9470-1.9480	[illegible]	[illegible]	[illegible]	3.06

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 48.40-48.50.

EXCHANGE CROSS RATES

Apr. 1	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.472	3.435	261.8	10.54	2.865	3.870	2331	2.046	70.20
$	0.680	1.	2.335	177.9	7.160	1.946	2.630	1584	1.390	47.70
DM	0.291	0.428	1.	76.20	3.067	0.834	1.127	678.6	0.596	20.44
YEN	3.820	5.622	13.12	1000.	40.25	10.95	14.79	8905.	7.817	268.2
F Fr.	0.949	1.397	3.261	248.5	10.	2.720	3.675	2213	1.942	66.64
S Fr.	0.349	0.514	1.199	91.36	3.677	1.	1.351	813.6	0.714	24.50
H Fl.	0.258	0.380	0.888	67.64	2.722	0.740	1.	602.3	0.529	18.14
Lira	0.429	0.631	1.474	112.3	4.520	1.229	1.660	1000.	0.878	30.18
C $	0.489	0.718	1.679	127.9	5.148	1.400	1.891	1139.	1.	34.31
B Fr.	1.425	2.096	4.893	372.9	15.01	4.081	5.513	3321	2.915	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

April 1	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	11½-12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	14-16	16-18	16-17	[illegible]	[illegible]	[illegible]
B.Fr.(Fin)	10¼-10½	10-10¼	[illegible]	[illegible]	[illegible]	[illegible]
B.Fr.(Con)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $ Sing.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: two years 7½-7⅜ per cent; three years 7¾-7⅝ per cent; four years 7⅞-7¾ per cent; five years 8-7⅞ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Bonds at record

Prices of interest rate contracts rose sharply on the London International Financial Futures Exchange yesterday. Only three-month sterling deposit futures showed a sluggish performance, reflecting nervousness about the pound, as North Sea oil prices fell below $10 a barrel, but even this contract rallied in late trading, finishing around the day's high. Long term gilt futures shrugged off any concern about sterling and responded to the buoyant US bond market, opening firm and closing just below the day's high.

US Bond futures led the market higher, after a very strong performance on Monday in Chicago.

Continued buying yesterday pushed June Treasury bonds to a record high in Chicago, rising beyond the previous high set in August 1977. There was some profit taking at this level, but in London the June contract closed at 104-03, compared with 99-31 last Thursday.

Eurodollar futures were also firm, but met with similar profit taking, and closed below the day's best. Dealers suggested the contract was underpinned by a lower Federal funds rate of 7⅞ per cent, and speculation about a cut in the Federal Reserve's discount rate.

Falling oil prices and sluggish US economic growth, encouraged hopes of lower US interest rates.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
115	12.38	13.48	—	—	0.08	0.56	—	—
116	10.45	12.06	—	—	0.15	1.14	—	—
120	8.58	10.35	—	—	0.28	1.43	—	—
122	7.15	0.06	—	—	0.49	2.14	—	—
124	5.46	7.49	—	—	1.16	2.57	—	—
126	4.24	6.36	—	—	1.58	3.44	—	—
128	3.16	6.31	—	—	2.90	4.39	—	—
130	2.21	4.34	—	—	3.55	5.42	—	—

Estimated volume total, Calls 1,205, Puts 316
Previous day's open int. Calls 7,205, Puts 1,760

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
92	12.07	12.06	—	—	0.01	0.28	—	—
94	10.10	10.24	—	—	0.04	0.46	—	—
96	6.16	8.48	—	—	0.10	1.06	—	—
98	6.29	7.16	—	—	0.23	1.38	—	—
100	4.53	5.59	—	—	0.47	2.17	—	—
102	3.28	4.47	—	—	1.22	3.05	—	—
104	2.19	3.46	—	—	2.13	4.04	—	—
106	1.29	—	—	—	3.23	—	—	—

Estimated volume total, Calls 349, Puts 281
Previous day's open int. Calls 747, Puts 496

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last April	May	June	Sept	Puts—Last April	May	June	Sept
1.20	—	—	27.09	—	—	—	0.01	—
1.25	22.09	—	22.09	22.09	0.00	—	0.07	0.55
1.30	17.09	17.09	17.09	17.09	0.00	0.09	0.27	1.18
1.35	12.09	12.09	12.09	12.19	0.00	0.36	0.81	2.27
1.40	7.09	7.47	7.78	8.84	0.12	1.15	1.95	3.52
1.45	2.92	4.10	4.74	6.14	1.01	2.87	3.91	6.22
1.50	0.69	2.01	2.61	4.07	3.78	5.69	6.78	9.15

Estimated volume total, Calls 109, Puts 25
Previous day's open int. Calls 4,927, Puts 6,600

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last April	May	June	Sept	Puts—Last April	May	June	Sept
1.20	—	—	26.70	—	—	—	0.20	—
1.25	—	—	21.70	16.70	—	—	0.15	0.80
1.30	—	—	16.70	11.70	—	—	0.35	1.25
1.35	11.70	11.70	11.90	12.00	0.10	0.50	1.10	2.40
1.40	6.70	7.05	7.50	9.10	0.20	1.30	2.10	4.20
1.45	2.15	3.30	4.40	5.65	0.70	3.20	4.10	6.40
1.50	0.50	1.70	2.40	3.80	4.30	6.05	7.10	9.40

Previous day's open int. Calls 4,842, Puts 5,724
Volume, 150

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last April	May	June	Sept	Puts—Last April	May	June	Sept
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	—	—	—	—	—	—	—	—
1.35	—	—	—	—	—	—	—	—
1.40	7.00	—	—	—	—	—	1.80	—
1.45	2.20	—	—	—	0.08	2.95	4.05	—
1.50	—	1.50	—	—	—	—	6.70	—

Previous day's open int. Calls 55,385, Puts 42,874
Previous day's volume. Calls 181, Puts 991

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
90.00	3.11	—	—	—	0.00	—	—	—
90.50	2.51	2.66	—	—	0.00	0.00	—	—
91.00	2.11	2.18	—	—	0.00	0.00	—	—
91.50	1.61	1.67	1.61	—	0.00	0.01	0.03	—
92.00	1.11	1.18	1.16	—	0.00	0.03	0.08	—
92.50	0.64	0.75	0.75	—	0.03	0.09	0.17	—
93.00	0.28	0.39	0.42	—	0.15	0.23	0.34	—

Previous day's open int. Calls 2,596, Puts 2,028
Volume, 245

CHICAGO

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	93.39	93.39	93.39	93.33
Sept	93.46	93.46	—	93.35
Dec	93.35	93.35	—	93.27
March	—	—	—	92.85

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	94.12	94.14	94.11	94.07
Sept	94.25	94.26	94.20	94.16
Dec	94.20	94.21	94.17	94.10
March	93.64	93.64	—	93.97
June	93.84	93.94	—	93.84
Sept	93.84	93.84	93.84	93.73
Dec	93.76	93.73	—	93.63
March	—	—	—	93.54

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	103-17	103-18	103-00	102-10
Sept	103-00	103-00	102-16	101-20
Dec	102-11	102-12	101-22	101-00
March	101-26	101-26	101-22	100-13
June	101-07	101-07	101-02	98-27
Sept	—	—	—	98-27
Dec	—	—	—	98-27
March	99-25	99-25	99-25	98-10
June	99-03	—	—	98-03
Sept	—	—	—	—
Dec	—	—	—	97-14

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	93.11	93.12	93.08	93.03
Sept	93.16	93.16	93.12	93.06
Dec	93.08	93.09	93.04	92.96
March	92.37	92.37	—	92.80
June	92.78	92.77	92.76	92.65
Sept	92.61	92.61	92.61	92.50
Dec	92.48	92.48	92.46	92.37
March	—	—	—	92.25

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	128-15	128-16	127-11	126-23
Sept	128-28	128-00	127-27	127-04
Dec	128-26	127-30	127-30	127-02
March	126-22	127-26	127-26	126-30

Est. Volume 6,045 (10,339)
Previous day's open int. 9,855 (9,578)
Basis quote (clean cash price of 10% Treasury 2004/08 less equivalent price of near futures contract) −4 to 4 (32nds).

10% NOTIONAL SHORT GILT £100,000
64ths of 100%

	Close	High	Low	Prev
June	101.55	101-60	101-37	101-25

Est. Volume 378 (370)
Previous day's open int. 897 (800)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	90.42	90.43	90.34	90.40
Sept	90.87	90.86	90.78	90.81
Dec	91.09	91.09	91.01	91.07
March	91.17	91.17	91.11	91.12
June	91.15	91.14	91.10	91.12

Est. Volume 2,404 (3,577)
Previous day's open int. 15,988 (15,677)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	173.90	173.90	171.60	171.60
Sept	176.40	—	—	173.90

Est. volume 192 (510)
Previous day's open int. 1,447 (1,914)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	93.11	93.16	93.06	92.93
Sept	93.16	93.20	93.10	92.92
Dec	93.08	93.07	93.02	92.82
March	92.94	92.93	92.87	92.65
June	92.78	—	—	92.49
Sept	92.63	—	—	92.34
Dec	92.40	—	—	92.20

Est. volume 4,008 (2,587)
Previous day's open int. 16,914 (16,649)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	104-03	104-16	102-24	99-31
Sept	103-21	103-21	102-18	99-09
Dec	102-24	—	—	98-20

Est. volume 6,557 (5,618)
Previous day's open int. 5,422 (5,270)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4715	1.4658	1.4571	1.4484	1.4333

IMM—STERLING $e per £

	Latest	High	Low	Prev
June	1.4595	1.4600	1.4500	1.4575
Sept	1.4500	1.4500	1.4400	1.4485
Dec	1.4400	1.4400	1.4300	1.4385

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.4583	1.4525	1.4507	1.4550
Sept	1.4492	—	—	1.4558
Dec	1.4410	—	—	1.4480

Est. Volume 108 (215)
Previous day's open int. 2,329 (2,410)

CURRENCY MOVEMENTS

April 1	Bank of England Index	Morgan Guaranty Change %
Sterling	75.8	—
U.S. dollar	118.0	—
Canadian dollar	79.2	—
Austrian schilling	133.6	—
Belgian franc	93.5	—
Danish Kroner	84.1	—
Deutsche mark	132.1	—
Swiss franc	153.6	—
Guilder	122.2	—
French franc	70.7	—
Lira	45.8	—
Yen	196.0	—

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

March 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	N/A	0.635027
US $	7	1.13800	0.930632
Canadian $	10.44	*	1.29749
Austria Sch	4	N/A	15.2438
Belgian Fr.	8¾	"	44.4005
Danish Kr.	7	"	8.00307
D'mark	3½	"	2.17210
Guilder	4½	"	2.44821
French Fr.	9½	"	6.66333
Lira	14	"	1476.58
Yen	4	"	165.932
Norway Kr.	8	"	6.76802
Span'h Pta.	—	"	136.291
Swedish Kr	8½	"	6.84016
Swiss Fr.	4	"	1.81466
Greek Drch	20½	"	134.802
Irish Punt	—	"	0.717250

*C$/SDR rate for March 26: 1.58872.

OTHER CURRENCIES

April 1	£	$
Arg'tina	1.1736-1.1759	0.8000-0.8010
Aus'alia	2.0230-2.0870	1.3655-1.3840
Brazil	20.20-20.23	13.77-13.84
Finland	7.6330-7.6455	5.2180-5.3200
Greece	210.00-214.36	143.60-146.40
H'kong	11.4475-11.4675	7.8105-7.8125
Iran	120.26*	80.65*
Kuwait	0.4250-0.4260	0.28845-0.28875
Lux'burg	68.66-68.75	47.65-47.75
Malaysia	3.8100-3.8200	2.6000-2.6050
N'Z'land	2.6940-2.7040	1.8415-1.8465
Saudi Ar.	5.3530-5.3610	3.6490-3.6505
Sin'pore	3.1875-3.1870	2.1750-2.1770
S.Af. (Cm)	3.1260-3.1326	2.1330-2.1375
S.Af. (Fn)	4.6795-4.7276	3.1250-3.2250
U.A.E.	5.3800-5.3860	3.6715-3.6745

* Selling rate.

STERLING INDEX

	April 1	Previous
8.30 am	75.6	76.4
9.00 am	75.6	76.3
10.00 am	75.6	76.3
11.00 am	75.6	76.2
Noon	75.6	76.5
1.00 pm	75.6	76.4
2.00 pm	75.6	76.3
3.00 pm	75.7	76.4
4.00 pm	75.8	76.3

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.4005	−0.96	+1.08	±1.5425
Danish Krone	8.12857	8.00307	−1.54	+0.50	±1.6421
German D-mark	2.23840	2.17210	−2.96	−0.92	±1.1455
French Franc	6.86402	6.66333	−2.92	−0.88	±1.3654
Dutch Guilder	2.52208	2.44821	−2.93	−0.89	±1.5162
Irish Punt	0.724578	0.717250	−1.01	+1.03	±1.6673
Italian Lira	1520.60	1476.58	−2.89	−1.81	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

MONEY MARKETS

London rates little changed

Interest rates showed little movement on the London money market yesterday. Three-month interbank rose to 11⅝-11½ per cent from 11½-11⅜ per cent, but longer term rates had a slightly easier tone. Discount houses were reluctant to sell anything but short dated paper to the Bank of England to relieve a moderate credit shortage, on hopes of lower bank base rates. On the other hand the decline of sterling, as oil prices fell below $10 a barrel, increased market nervousness.

The Bank of England initially forecast a money market shortage of £350m, but changed this to £300m at noon, and back to £350m in the afternoon. Total help on the day was £419m.

Before lunch the authorities bought £299m bills outright, by way of £7m bank bills in band 1 at 11½ per cent; £289m bank bills in band 2 at 11 7/16 per cent; £2m bank bills in band 3 at 11⅜ per cent; and £1m bank bills in band 4 at 11 5/16 per cent.

In the afternoon another £60m bank bills were purchased outright in band 2 at 11 7/16 per cent. Late assistance of around £60m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,316m. This was partly offset by Exchequer transactions adding £600m to liquidity, a fall in the note circulation of £325m, and bank balances above target by £50m.

In Frankfurt call money was around 4.50 per cent as money market trading returned to normal, after a period of tight liquidity at the end of last month. With season tax payments out of the way, conditions should improve, and be helped from April 10 onwards when up to DM 6bn is expected to flow into the market via the Federal Government, representing part of the Bundesbank's annual profit. The central bank announced a new 34-day securities repurchase agreement, at a rate of 4.30 per cent. The tender will take place today, and is expected to fully replace the DM 14bn flowing out of the market tomorrow, when an earlier agreement expires.

In Paris the Bank of France sold FFr 3.20bn of 13-week negotiable Treasury bills at yesterday's weekly tender. The minimum accepted price was 97.95 per cent, compared with 97.96 per cent at the previous tender. The highest price accepted was 97.992 per cent, against 97.988 per cent. Bids totalled FFr 4.995bn for an original offer of FFr 3bn.

UK clearing banks base lending rates 11½ per cent since March 19

FT LONDON INTERBANK FIXING

(11.00 a.m. April 1) Three months US dollars		Six months US dollars	
bid 7 5/16	offer 7 7/16	bid 7 1/8	offer 7 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

NEW YORK RATES

(Lunchtime)

Prime rate	[illegible]
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	[illegible]
Treasury Bills & Bonds	
One month	6.18
Two month	6.42
Three month	6.50
Six month	6.59
One year	6.60
Two year	6.82
Three year	6.84
Four year	7.02
Five year	7.13
Seven year	7.35
10 year	7.25
30 year	7.34

LONDON MONEY RATES

April 1	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	7-12¼	11¾-12¼	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	—	—	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	11½-12	11¾-12	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	—	—	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Depos.	10-12½	11½	[illegible]	[illegible]	—	—
Company Depos.	11-12¼	12-12¼	[illegible]	[illegible]	—	—
Finance House Depos	—	—	[illegible]	[illegible]	[illegible]	—
Treasury Bills (Buy)	—	—	[illegible]	[illegible]	—	—
Bank Bills (Buy)	—	—	[illegible]	[illegible]	[illegible]	—
Fine Trade Bills (Buy)	—	—	[illegible]	[illegible]	[illegible]	—
Dollar CDs	—	—	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Depos	—	—	[illegible]	[illegible]	[illegible]	[illegible]
ECU Depos	—	—	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 11¼ per cent; three-months 10 15/16 per cent. Bank Bills (sell): one-month 11 5/16 per cent; three-months 10⅞-10¾ per cent. Treasury Bills: Average tender rate of discount 10.7440 per cent. ECGD Fixed Finance Scheme IV reference date March 3 to April 1 (inclusive): 11.677 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13 per cent from March 1 1986. Bank Deposit Rate for sums at seven days' notice 6¼ per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 10½ per cent; nine-12 months 10½ per cent. Under £100,000 10½ per cent from March 25. Deposits withdrawn for cash 7 per cent.

MONEY RATES

April 1	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.4-4.6	4.35-4.55	4.4-4.6	4.40-4.55	4.40-4.55	6.0
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Tokyo	5.81875	[illegible]	[illegible]	[illegible]	[illegible]	—
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

Appointments

Legal Notices

No. 1526 of 1986
IN THE HIGH COURT OF JUSTICE
IN BANKRUPTCY
Re: MAHMUD AHMED SIPRA
(also known as Mahmud Sipra and Mahmud Ahmad)
EX PARTE:
JOHNSON MATTHEY BANKERS LIMITED

In the Matter of a Bankruptcy Notice issued on 21st February 1986
To Mahmud Ahmed Sipra (also known as Mahmud Sipra and Mahmud Ahmad) of 1 Chester Terrace, London, N.W.1

TAKE NOTICE that a Bankruptcy Notice has been issued against you in this Court by Johnson Matthey Bankers Limited whose registered office is situate at 5 Lloyds Avenue, London EC3N 3DB, and the Court has ordered that the publication of this Notice in the "London Gazette," "The Financial Times" and in "The Wall Street Journal" newspapers shall be deemed to be service of the Bankruptcy Notice upon you on the 7th day after the latest day of publication.

The Bankruptcy Notice can be inspected by you on application at this Court.

Dated this 24th day of March 1986.
REGISTRAR DEWHURST.
Norton, Rose, Botterell & Roche of Kempson House, Camomile Street, London EC3A 7AN. Solicitors for the Judgment Creditor.

IN THE MATTER OF
INTERCO BUSINESS CONSULTANTS
LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 2nd day of May, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Keith David Goodman, FCA, of 30 Eastbourne Terrace, London W2 6LF, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 20th day of March, 1986.
K. D. GOODMAN,
Liquidator.

IN THE MATTER OF
ROYTON ENGINEERING (LONDON)
LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 2nd day of May, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Keith David Goodman, FCA, of 30 Eastbourne Terrace, London W2 6LF, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 20th day of March, 1986.
K. D. GOODMAN,
Liquidator.

Contracts and Tenders

ANGUS DISTRICT COUNCIL
PROPOSED RADIO-BASED COMMUNITY ALARM SYSTEM

Angus District Council will shortly be inviting tenders for the provision, installation and future maintenance of a proposed Radio-Based Community Alarm System to afford protection to elderly, infirm and handicapped persons living in their own homes in Angus.

The initial phase of the system is estimated at £70,000 but it is anticipated that the total cost of the system over a period of five years will be in the price range of £350,000 to £400,000.

Any company that wishes to be considered for the receipt of tender documents, which will be issued at the end of April 1986, should forward its name, address and relevant particulars as to its suitability and competence to Mr G. Dennis, Director of Housing, County Buildings, Forfar, no later than 18 April 1986.

W. S. McCULLOCH
Chief Executive
County Buildings,
FORFAR DD8 3LG

Company Notices

CHEMICAL NEW YORK CORP.
US$300,000,000 FLOATING RATE SENIOR NOTES DUE 1999

In accordance with the provisions of the Notes, Notice is Hereby Given that for the interest period from March 27th, 1986 to April 30th, 1986 the Notes carry an interest rate of 7⅝% per annum. The interest payable on the relevant interest payment date, April 30th, 1986 against Coupon No. 7 will be US$72.60 per US$10,000 Note.

Agent Bank
CHEMICAL

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986 High	1986 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
98$\frac{1}{16}$	95$\frac{5}{8}$	Treas 3pc 1986	98$\frac{1}{16}$		3.03	11.44
99$\frac{1}{16}$	99$\frac{1}{16}$	Exch 10½pc 1986	99$\frac{7}{8}$		10.51	11.49
100$\frac{1}{16}$	99½	Treas 12pc 1986	100$\frac{1}{16}$		11.99	11.46
99⅜	98⅛	Treas 8¼pc 1984-86‡‡	99$\frac{1}{16}$	–$\frac{1}{16}$	8.58	11.03
102⅛	100½	Exch 14pc 1986	102⅛xd	+$\frac{1}{16}$	13.71	10.16
96⅜	94⅞	Exch 2½pc 1986	96⅜	+$\frac{1}{16}$	2.59	8.42
102½	100⅜	Exch 11¾pc 1987	102½		12.93	9.87
100¼	97$\frac{1}{16}$	Treas 10¼pcCv '87	100¼		10.21	9.71
95⅛	92$\frac{1}{16}$	Exch 2½pc 1987	95⅛	+$\frac{1}{16}$	2.63	8.21
100⅝	97⅛	Exch. 10½pc 1987	100⅝xd		10.43	9.84
97$\frac{1}{16}$	93⅞	Funding 6½pc '85-87‡‡	97$\frac{1}{16}$xd	+⅛	6.68	9.20
100$\frac{1}{16}$	96$\frac{1}{16}$	Treas. 10pc 1987	100$\frac{1}{16}$	+$\frac{1}{16}$	9.98	9.79
93⅛	90⅞	Treas 3pc 1987	93$\frac{1}{16}$	–$\frac{1}{16}$	3.21	8.39
103¼	99⅛	Treas. 12pc 1987	103¼xd	+⅛	11.62	9.74
97⅞	92$\frac{1}{16}$	Treas 7¾pc 1985-88‡‡	97⅞	+$\frac{1}{16}$	7.96	9.33
101⅝	96¼	Exch 10½pc 88	101⅝	+¼	10.33	9.63
100⅛	95¼	Treas 9¾pc Cv '88	100⅛	+¼	9.71	9.54
90$\frac{1}{16}$	86⅛	Transport 3pc '78-88	90$\frac{1}{16}$	+⅛	3.33	7.85
99¼	93$\frac{1}{16}$	Treas 9½pc '88	99¼xd	+$\frac{1}{16}$	4.52	9.62
104⅞	98$\frac{1}{16}$	Treas 11½pc 1989	104⅞	+$\frac{1}{16}$	10.97	4.56
101$\frac{1}{16}$	43¼	Treas 9½pc Cnv. '89	101⅛xd	+½	9.39	9.07
86¼	82$\frac{1}{16}$	Treas 3pc 1989	86¼	+$\frac{1}{16}$	3.46	7.87
102⅜	95$\frac{1}{16}$	Treas 10½pc 1989	102⅜	+¼	10.23	9.52
101¼	94⅛	Exch 10pc 1989	101¼	+⅛	9.88	9.55
104⅛	97	Exch 11pc 1989	104⅛	+⅛	10.54	9.49
89⅛	84½	Treas 5pc 1986-89	89⅛xd	+¼	5.57	8.41
108⅝	94⅝	Exch 10¼pcCv '89	108⅝	+$\frac{1}{16}$	9.44	7.46
111$\frac{1}{16}$	103$\frac{1}{16}$	Treas 13pc 1990‡‡	111$\frac{1}{16}$	+⅛	11.65	9.29
105$\frac{1}{16}$	97⅛	Exch 11pc 1990‡‡	105$\frac{1}{16}$	+½	10.42	9.25
110½	101$\frac{1}{16}$	Exch 12½pc 1990	110½	+½	11.31	9.27
83$\frac{1}{16}$	79⅝	Treas 3pc 1990	83$\frac{1}{16}$xd	+½	3.58	7.58
97¼	89¼	Treas 8¼pc 1987-90‡‡	97¼	+¼	8.48	9.04
103$\frac{1}{16}$	93	Treas 10pcCv 1990	103$\frac{1}{16}$xd	+½	9.67	9.07
83¼	76½	Exch 2½pc 1990	80⅛	+¼	3.11	7.59
109⅞	99$\frac{1}{16}$	Treas 11¾pc 1991	109⅞	+⅝	10.69	9.13

Five to Fifteen Years

1986 High	1986 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
93	83$\frac{1}{16}$	Funding 5¾pc '87-91‡‡	93xd	+⅛	6.18	7.45
108¼	96$\frac{1}{16}$	Exch. 11pc 1991	108¼xd	+¼	10.11	8.97
117	103⅝	Treas 12¾pc 1992‡‡	117	+⅞	10.90	8.92
105⅞	97$\frac{1}{16}$	Treas 10pc 1992	105⅞	+⅞	9.44	8.69
106	94$\frac{1}{16}$	Treas 10¼pc Cv 1992‡‡	106xd	+⅞	9.72	8.29
115⅛	101$\frac{1}{16}$	Exch 12¼pc '92	115⅛	+⅞	10.62	9.03
121¼	106⅝	Exch 13½pc 1992	121¼	+⅞	11.13	9.07
31⅛	19⅞	Treas 10pc 1993 (£20pd)	31⅛	+1¼	9.41	8.77
118½	103½	Treas 12½pc 1993‡‡	150½	+1	10.59	8.98
90¼	78½	Funding 6pc 1993‡‡	90¼	+⅛	6.65	7.74
125½	109$\frac{1}{16}$	Treas 13¾pc 1993‡‡	125½	+1	10.99	9.10
130⅛	114$\frac{1}{16}$	Treas 14½pc 1994‡‡	130⅛	+⅞	11.12	9.03
124⅛	108½	Exch 13½pc 1994	124⅛xd	+1⅛	10.85	9.17
119⅝	103$\frac{1}{16}$	Exch 12½pc 1994	119⅝xd	+¼	10.45	9.11
101½	86$\frac{1}{16}$	Treas 9pc 1994‡‡	101½	+⅞	8.07	8.74
117½	101½	Treas 12pc 1995	117½	+1⅛	10.21	9.06
77½	68¼	Gas 3pc '90-95	77½xd	+½	3.87	6.29
108	92⅞	Exch 10¼pc 1995	108	+⅞	9.49	8.96
123⅛	106¼	Treas 12¾pc 1995‡‡	123⅛	+⅞	10.33	9.05
131	113	Treas 14pc '96	151	+1⅛	10.69	9.14
101⅛	86$\frac{1}{16}$	Treas 9pc 1992-96‡‡	101⅛	+⅞	8.86	8.75
139⅛	120$\frac{1}{16}$	Treas 15¼pc 1996‡‡	139⅛xd	+1¼	10.91	9.14
127⅞	110	Exch 13¼pc 1996‡‡	127⅞	+1	10.36	9.00
83¼	74¼	Redemption 3pc 1986-96	83¼xd	+⅝	3.60	5.08
128½	110$\frac{1}{16}$	Treas 13¼pc 1997‡‡	128½	+⅞	10.31	9.05
110½	94⅛	Exch 10½pc 1997	150½	+1⅛	9.50	8.97
99⅛	84$\frac{1}{16}$	Treas 8¾pc 1997‡‡	99⅛	+1⅛	8.77	8.77
140½	120¼	Exch 15pc 1997	140½xd	+1¼	10.68	9.23
105⅞	89$\frac{1}{16}$	Exch. 9¾pc 1998	185⅞	+1⅛	9.21	8.93
86¼	75¼	Treas 6¾pc 1995-98‡‡	86¼xd	+1	7.78	8.53
145⅞	125$\frac{1}{16}$	Treas. 15½pc '98‡‡	145⅞	+1⅛	10.62	9.23
121½	103$\frac{1}{16}$	Exch. 12pc 1998	121½	+1	9.88	9.09
105⅛	89$\frac{1}{16}$	Treas 9½pc 1999‡‡	105⅛	+1	9.01	8.82
123⅞	105$\frac{1}{16}$	Exch. 12¼pc 1999	123⅞	+1	9.89	9.08
111⅞	94$\frac{1}{16}$	Treas. 10½pc 1999	115⅞	+⅞	9.38	8.95
109⅞	93$\frac{1}{16}$	Conversion 10¼pc 1999	104⅞	+⅞	9.33	8.98
30⅞	25	Cn 9pc 2000 'A' (£25pd)	30⅞	+1¼	8.81	8.72
130⅞	111$\frac{1}{16}$	Treas. 13pc 2000	130⅞	+1¼	9.93	9.09

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

1986 High	1986 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
394	296	Countryside Props	394	+6	5.74	5.1	2.1	9.9
156	124	Crouch (D.) 20p	144		5.93	♦	5.9	♦
104	84	Dew (George) 25p	90	–2	6.0	1.2	9.5	12.7
95	73	Douglas (Robt. M.)	78	+1	1.75	2.6	3.2	(13.9)
23	19	♦Durton Group 5p	21		†0.24	4.3	1.6	16.1
195	155	♦EBC 50p	195xd	+14½	7.15	♦	5.2	♦
85	63	Erith	85	+7	3.1	1.6	5.2	17.3
148	106	Fairbriar 10p	142	+1	R4.0	2.7	4.0	13.1
88	85	Feb Intl 10p	85		td2.9	0.7	7.0	(46.1)
71	56	Do. 'A' 10p	60	–3	td2.9	0.7	9.9	(32.6)
90	51	♦Federated Housing 5p	[illegible]		3.3	♦	5.5	♦
66	60	Finlan Group 10p	62		g3.04	0.9	8.8	24.2
85	79	Galliford 5p	83		4.4	1.5	7.6	12.9
36	27	Gibbs Dandy A 10p	36	+1	1.8	♦	7.5	♦

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

1986 High	1986 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
513	412	Superdrug Strs. 10p	500	–5	5.0	♦	1.4	♦
198	150	♦T A S Stores 5p	187		3.0	♦	2.3	♦
51	51	Telefusion 5p	51		41.3	—	3.6	—
62	39	Tern Group	57	+2	82.0	0.2	5.0	—
70½	57	Time Prods. 10p	70½		†1.5	2.7	3.0	14.7
66	57	Top Value Inds 10p	63	–1	—	—	—	—
194	101	Underwoods 10p	183	–2	R1.65	3.0	1.3	37.2
37	31	Upton (E.) 'A'	32		—	—	—	—

For Vantona Viyella see Coats Viyella

1986 High	1986 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
370	173	WW Group	350		7.94	♦	3.3	♦
300	250	Ward White	300	+10	M6.5	2.8	3.1	15.9
660	490	Warehouse	650	–10	3.75	—	0.8	—
58	51	Wassall (J. W.)	57		1.0	5.8	2.5	7.3
175	140	♦Wickes 40p	170	+2	L2.0	♦	1.7	♦

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
230	163	Bracken Mines	163		15c	1.2	3.0
905	719	F.S. Cons. Gold 50c	737	−38	—	—	—
240	120	Free State Dev. 10c	180	−10	Q15c	1.1	2.7
962	614	Harmony 50c	794xd	+49½	Q265c	ϕ	10.8
410	256	Loraine R1	273	−7	Q75c	3.1	8.9
987	755	St. Helena R1	756	−50	Q450c	1.9	19.3
569	354	Unisel	463	+7	†Q150c	1.1	10.5
523	372	Welkom Gold Hldgs 50c	468	−15	Q234c	1.0	16.9

Diamond and Platinum

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£53	£12	Anglo-Am Inv 50c	£51		Q590c	1.0	3.7
525	312	De Beers Df. 5c	500xd	+4	Q55c	ϕ	3.6
490	315	Do. 40pc Pf. R5	400		Q200c	x	16.2
730	550	Impala Plat. 20c	640	−10	Q135c	1.9	6.8
610	410	Lydenburg 12½c	600	+10	Q72c	1.0	3.9
790	500	Rus. Plat. 10c	740	−10	†Q90c	1.4	3.9

Central African

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
205	155	Falcon 25c	205		†Q100c	2.5	21.8
12	10	Wankie Col. Z$1	12		Q5c	3.6	18.6
16	12	Zam.Cpr.SBD0.24	14		—	—	—

Finance

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
91	75	Afex Corp SA $1.50	80		Q7.5c	4.4	6.4
£13	900	Ang. Am. Coal 50c	900		†Q195c	3.1	7.0
£10½	725	Anglo Amer. 10c	910	−40	Q135c	2.0	4.8
157½	£38¾	Ang. Am. Gold R1	£46xd	−3¼	Q1450c	1.1	20.2
£40	£24	Anglovaal 50c	£33	−1	†Q360c	2.9	5.1
22	11	Clogau Gold 10p	17	−½	—	—	—
123	90	Cons. Alex Corp	90		Q5½c	—	2.0
537	435	Cons. Gold Fields	487xd	−4½	24.5	1.4	7.2
66	34	East Rand Con. 5p	42	−1	11.0	1.0	34
830	610	Gencor 01	700		†Q170c	1.1	7.9
£10	590	Gencor 40c	900		Q195c	ϕ	7.3
31	18	Gold & Base 12½p	23	−2	—	—	—
975	709	Gold Fields S.A. 5c	775	−75	†Q120c	1.0	5.0
£79	£49	Jo'burg Cons. R2	£73		Q875c	2.2	3.9
900	530	Middle Wit 25c	825		†Q105c	1.5	4.1

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
42	29	Anglo Utd Dev	29	−2	d1.05	ϕ	5.2
80	50	Colby Res Corp	50		—	—	—
300	200	Cons. Murch. 10c	200		Q80c	3.9	‡
34	28	Emess Int. In10p	32	−1	—	—	—
101	70	Greenwich Res	90	−5	—	—	—
143	113	Hampton Areas 10p	115		3.75	0.9	4.5
245	165	Highwood Res	235		—	—	—
£19¼	£15⅞	Homestake Mining $1	£15⅞	−⅛	Q20c	—	0.9
310	185	McFinley Red Lake	220	−40	—	—	—
285	210	Muscn Exploration	215	−30	—	—	—
51	40	West Sabina Res C$1	53	+6	—	—	—
250	210	Northgate C$1	230		—	—	—
765	513	RTZ	713	−2	†20.0	2.8	4.0
£164	£115	Do. 9¾pcLn '95-2000	£152	−½	Q9¾%	14.0	6.3
950	800	Tara Expln $1	884	−28	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent *and allow for value of declared distribution and rights.*

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ÷ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ‖ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‖ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	105		Fin. 13% 97/02	£120½	
Craig & Rose £1	£23	−½	Arnotts	350	
Finlay Pkg. 5p	47		CPI Hldgs	65	
Holt (Jos) 25p	770		Carroll Inds.	178	
IoM Stm. £1	77		Dublin Gas	60	
			Hall (R. & H.)	56	
IRISH			Heiton Hldgs.	28	
Fund 11¾% 1988	£101		Irish Ropes	60	
Nat. 9¾% 84/89	£99¾		Unidare	175	

"Recent Issues" and "Rights" Page 34
(International Edition Page 38)

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 10	Mar 20	Mar 27	Apr 7
Apr 1	Apr 10	Apr 11	Apr 21
Apr 14	Apr 24	Apr 25	May 6

* " New-time " dealings may take place from 9.30 am two business days earlier.

Index re-crosses 1400 and Gilts rise 1½ points in confident markets

Falling oil prices failed to dampen investors' enthusiasm when London stock markets resumed trading yesterday after the four-day Easter holiday. The more confident tone which had developed over the last two sessions of the previous week continued, aided by the London Business School post-budget review of the economic outlook and especially the forecast of 3 per cent inflation. The FT Ordinary share index re-crossed 1400 to close 12.2 higher at 1402.2 after a day's best of 1404.7, while Government securities advanced 1½ points more.

Equities began the day, the first session of a new trading Account, in rather cautious fashion awaiting the exchange rate's reaction to week-end news that crude oil prices had dropped below $10 per barrel. The pound, possibly steadied by the OECD view of the benefits to the world economy of lower oil prices, sustained only superficial damage and this, coupled with other factors, motivated potential buyers.

Their demands centred mainly on blue chip and situation stocks, many of which were in short supply. Pressure was thus exerted on dealers' book positions and a range of stocks eventually recorded gains disproportionate to the amount of overall trade. Many current speculative favourites were also given a run and other good features resulted from a long list of week-end Press recommendations. Trading statements were fewer than recently and made little impact.

Gilt-edged securities opened confidently, being additionally encouraged by the current strength of US bonds and hopes of lower international interest rates. Revived domestic and foreign support was occasionally countered by profit-taking but prices still made headway in markets relishing freedom from official funding. The firm trend continued in the after-hours' business and longer-dated stocks extended 3.30 pm gains of just over a point to close 1½ points up on the session.

The shorts improved ⅜ in places, while index-linked issues were unaffected by the bright prospects for inflation. Renewed support found supplies of stock scarce in this sector, too, and prices finally showed rises stretching to 1½ points.

Abbey Life better

A trio of Life companies all made good progress in anticipation of their respective preliminary statements today. Abbey Life moved up 6 to 206p, London and Manchester put on 7 to 570p and Sun Life advanced 19 to 572p. Prudential, meanwhile, added 15 at 925p. Among Lloyds Brokers, Steel Burrill gained 9 to 238p in response to impressive results. General Accident led Composites higher with an improvement of 7 at 803p, while Royals closed a similar amount dearer at 880p.

After-hours' details of the agreed £1.25bn acquisition of Hiram Walker's wine and spirit division unsettled Allied Lyons which dropped to 301p before closing 18 down on balance at 305p. Elsewhere in the drinks sector, Vaux advanced 20 to 450p, after 460p, as rumours of a possible bid from Pleasurama resurfaced.

Leading Buildings gave another impressive performance. BDP Industries gained 8 more to 480p, while Rugby Portland Cement added 3 to 184p; the latter's annual results are due next Monday. Barratt Developments attracted buyers at 140p xd, up 8½, and George Wimpey firmed 5 to 150p. AMEC rose 5 to 267p awaiting today's preliminary figures. Secondary issues continued to feature SGB which gained 22 to 370p, after 372p, amid strong takeover speculation; John Mowlem, mentioned as a possible suitor, slipped 4 to 414p. Speculative interest was also noted in Tilbury Group, which put on 8 to 156p. Alfred McAlpine rose 10 to 424p and John Laing moved up 6 to 401p.

ICI traded quietly and closed unchanged at 851p. Elsewhere in the Chemical sector, Coates Brothers A attracted support in front of today's annual results and gained 8 to 142p, while Croda International firmed 4 to 160p on yield considerations. Hickson International hardened 5 to 430p xd. Brent Chemicals International rose 6½ to 157p xd; the Abu Dhabi Investment Authority now holds 6.08 per cent stake.

Leading Stores remained buoyant. Burton were stimulated by week-end comment forecasting bumper interim profits on Thursday and closed a further 14 dearer at 342p. GUS A, popular of late on revived enfranchisement hopes, moved up ¼ more to £10⅛, while Laura Ashley added 10 at 218p and Woolworth firmed 18 at 628p. Combined English, still reflecting the recent favourable results, put on 11½ at 265p and Harris Queensway added 6 at 272p. Revived takeover rumours lifted Sears 4½ to 142p, while Marks and Spencer gained 3 at 218p. Elsewhere, Martin Ford firmed 3 to 106p awaiting bid developments and Executex put on 7 to 95p in anticipation of today's preliminary figures. Amber Day gained 2 to 204p following speculative buying and NSS Newsagents and Ward White added 10 apiece to 146p and 300p respectively. Among Shoes, Stylo jumped 20 to 255p in response to Press comment.

Thorn EMI again featured in the Electrical leaders, advancing 23 more to 517p helped by a broker's upgraded profits forecast and news that the company is talking to Matsushita Electric about the possible purchase of a stake in the British group's microchip subsidiary, Inmos. British Telecom were quoted in fully paid at 268p, up 7, while GEC reflected occasional support with a rise of 6 at 196p. Elsewhere, Emess Lighting closed 26 up at 320p in response to the good preliminary figures, while Cable and Wireless, in front of the Tokyo listing, advanced 45 to 735p. Amstrad were favoured at 428p, up 24, while Arcoelectric hardened a couple of pence to 34p following the annual results.

Leading Engineers presented a quietly firm appearance with Vickers noteworthy for a gain of 10 at 493p. Elsewhere, demand ahead of the preliminary figures due next Monday left Glynwed 16 to the good at 378p. A revival of speculative buying interest prompted a rise of 6 to 101p in Davy Corporation, while good annual results left Mollins 8 to the good at 190p. Buyers continued to show interest in Wiec Group, which rose 7 further to 112p, while United Spring were prominent with a gain of 6½ at 51p.

Business in the Food sector was low key, but the undertone held distinctly firm. United Biscuits were a firm market and closed 13 higher at 258p on thoughts that the company could be vulnerable to a bid if its offer for Imperial Group fails; UB's bid for Imps has been extended to April 11. S. & W. Berisford edged up 2 to 226p pending possible bid developments; Hillsdown Holdings, which speaks for just over 10 per cent of the Berisford equity, gained 12 to 260p, while Tate and Lyle firmed 5 to 638p. Elsewhere, Cadbury Schweppes attracted buyers at 179p, up 4, while Associated British Foods continued firmly and rose 4 more to 348p. Among Retailers, Kwik Save were 6 higher at 286p and Tesco 4 dearer at 362p. Elsewhere, Bine Bird Confectionery shed 10 to 90p in the absence of any news relating to recently-announced merger discussions.

Assoc. Brit. Ports up

Associated British Ports featured a fresh rise of 40 to 560p awaiting today's preliminary figures, while Pentland Industries, scheduled to reveal annual results next Monday, advanced 35 to 545p. Christies International, an old takeover chestnut, put on 16 to 326p. Black Arrow were good at 162p, up 17, while Bowater, preliminary figures expected on April 15, advanced 16 to 350p. Persistent demand left Williams Holdings 18 to the good at 610p. Fisons attracted occasional buying at 593p, up 13, and Charter Consolidated rose 10 to 260p in response to speculative demand. Still reflecting expansion hopes, F. H. Tomkins gained 12 further to 258p. J. Billam responded afresh to the good annual results with a further gain of 20 at 120p. Smith Industries, awaiting next Wednesday's interim statement, put on 9 to 325p. Other noteworthy movements included Parkfield Group, 20 higher at 445p, and BBA, 11 to the good at 255p. Among the miscellaneous industrial leaders, demand persisted for Reckitt and Colman which put on 15 more to 824p; the preliminary figures are expected tomorrow.

AE, at 182p, and Jonas Woodhead, at 53p, added 4 apiece in response to Press comment, while Armstrong Equipment advanced 6½ to 141p xd. Elsewhere in Motors, Glanfield Lawrence reflected the strong profits recovery with a rise of 5 at 78p, while improvements of 7 and 8 respectively were seen in T. Cowie, 177p, and A. C. Cars, 193p.

United Newspapers reflected satisfaction with the agreed rationalisation proposals at Express Newspapers with a jump of 32 to 355p. Demand ahead of today's preliminary figures lifted Bunzl 20 to 655p, while BPCC rose 15 to 255p.

Properties continued to attract selective buying interest. Land Securities hardened a penny at 317p, while MEPC firmed 5 to 348p. British Land were a shade better at 178p and Samuel a couple of pence to the good at 203p, but Slough Estates shed 8 to 163p on disappointment with the net asset valuation which accompanied the annual results. Elsewhere, Regalian found fresh support at 510p, up 25, while London and Edinburgh advanced 35 to 700p in a restricted market. Press comment stimulated Speyhawk, which gained 15 to 415p.

Courtaulds continued firmly in Textiles with a fresh improvement of 5 to 299p. John Crowther moved up 2 to 142p in reply to Press comment, while gains of 5 and 7 respectively were seen in Early of Witney, 75p, and Gaskell Broadloom, 97p.

Tricentrol improve

A forecast by the oil minister of the United Arab Emirates that oil prices could fall to as low as $5 a barrel brought renewed pressure on crude prices, but failed to unnerve the leading oil shares which remained resilient. BP settled 5 easier at 555p and Shell were only a shade off at 755p ex-dividend. Enterprise Oil edged up a couple of pence to 137p in front of today's preliminary results, while Britoil rose 4 to 170p ex-dividend following the chairman's statement in the annual report. Bid rumours prompted good support for Ultramar, which jumped 17½ to 186p ex-dividend while news that Trafalgar House has built up a 5.9 per cent stake boosted Tricentrol to 83p before a close of 80p, a net gain of 5.

Sentiment in mining markets was shaken by the sharp decline in the bullion price in the US overnight and a subsequent fall in London to a closing level of $323.75 a net decline of $15.

Dealers were at a loss to put a solid reason behind the weakness in bullion but cited the recent gold swap by the South African Reserve Bank to meet the $480m foreign debt due on April 15 as a bearish factor.

Australian mines retreated across the board, reflecting the poor showing by metal prices. Golds were especially weak with Emperor 19 off at 173p and Gold Mines of Kalgoorlie 10 lower at 400p.

Traded Options

A mundane post-holiday session in Traded Options saw 11,619 contracts completed, comprising 8,926 calls and 2,693 puts, making it the quietest day since January 17. Hanson Trust were fairly active recording 1,436 deals, while Cable and Wireless attracted 764.

FINANCIAL TIMES STOCK INDICES

	April 1	Mar. 27	Mar. 26	Mar. 25	Mar. 24	Mar. 21	year ago
Government Secs	92.33	†91.27	91.12	90.12	91.37	91.64	80.87
Fixed Interest	96.02	95.20	94.23	94.35	93.11	93.03	85.46
Ordinary ♥	1402.2	1390.0	1380.4	1364.7	1394.5	1412.2	969.4
Gold Mines	279.9	285.9	291.9	303.4	309.4	312.0	503.2
Ord. Div. Yield	3.27	3.30	3.33	3.37	3.38	3.34	4.68
Earnings, Yld. % (full)	9.36	9.34	9.31	9.42	9.34	9.13	11.72
P/E Ratio (net) (*)	13.32	13.27	13.34	13.17	13.43	13.32	10.39
Total bargains (Est.)	40,426	40,000	32,410	38,401	43,770	42,303	23,419
Equity turnover £m.	—	824.44	837.42	692.67	720.26	967.72	426.25
Equity bargains	—	42,981	43,523	32,233	40,898	43,472	23,962
Shares traded (ml)	—	378.9	414.1	303.9	329.3	371.9	194.7

♥ 10 am 1397.1. 11 am 1398.2. Noon 1399.5. 1 pm 1401.1. 2 pm 1402.1. 3 pm 1404.2. 4 pm 1403.6. Day's High 1404.7. Day's Low 1394.8. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=12.87. † Corrected.

HIGHS AND LOWS

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	92.33 (1/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	96.06 (1/4)	86.36 (23/1)	130.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1415.1 (20/3)	1094.3 (14/1)	1416.1 (20/3/86)	49.4 (26/6/40)
Gold Mines	337.0 (27/1)	237.8 (2/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	Mar. 27	Mar. 25
Daily		
Gilt Edged Bargains	160.3	202.0
Equities Bargains	278.5	296.0
Equities Value	1,656.4	1,894.8
5 day Average		
Gilt Edged Bargains	122.2	202.0
Equities Bargains	274.9	279.4
Equities Value	1,677.4	1,748.4

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (385)

BRITISH FUNDS (84), INT. BANK & O'SEAS. GOVT. STLG. ISSUES (11), CORPORATION LOANS (5), COMMONWEALTH & AFRICAN LOANS (1), LOANS (9), FOREIGN BONDS (2), AMERICANS (29), CANADIANS (5), BANKS (10), BREWERS (4), BUILDINGS (16), CHEMICALS (4), STORES (12), ELECTRICALS (13), ENGINEERING (13), FOODS (11), HOTELS (1), INDUSTRIALS (42), INSURANCE (5), LEISURE (3), MOTORS (7), NEWSPAPERS (2), PAPER (3), PROPERTY (21), TEXTILES (7), TRUSTS (52), OILS (2), OVERSEAS TRADERS (3), PLANTATIONS (2), MINES (1).

NEW LOWS (44)

AMERICANS (1) Coastal Corp., CANADIANS (1) Breakwater Resources, BANKS (1) M Corp. CHEMICALS (1) Hoechst Fin. 10pc Unn. Ln., ELECTRICALS (2) CASTEM, Telecomputing, ENGINEERING (2) Hobson, Lloyd (F. H.), HOTELS (1) Norscot Hotels, INDUSTRIALS (5) Assoc. Heat Services, High-Point Services, Pavion Intl. 11pc Cnv. Ln. 1994/02, Vinten, Wills Group, PROPERTY (1) New Cavendish, SOUTH AFRICANS (1) SASOL, TEXTILES (1) SEET, TRUSTS (4) Alva Inv. Trust, North Sea Assets, Aitken Hume, Parambe, OILS (13) Churchill Res., Clyde Petroleum, Crusader Oil, Eglinton Oil, Canos Resources, Hunting Petroleum, INOCO, LASMO Ops., Magnet Group, Oliver Resources, Pict Petroleum, Tricentrol 11pc Cnv. Ln. 1995/05, Tusker Resources, OVERSEAS TRADERS (1) Boustead, MINES (9) Grootvlei, Leslie, Winkelhaak, Buffels, OFS Invs., Ivanhoe Gold, Pelsart Resources, Tronoh Mines, Anglo Utd. Dev.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Acorn Computers	78	+12
Assoc. Brit. Ports	560	+40
Bowater Inds.	350	+16
British Telecom	268	+ 7
Cable & Wireless	735	+45
Ladbroke	378	+11
Pilkington Bros.	470	+28
SCA	370	+22
Smiths Inds.	325	+ 9
Tomkins (F. H.)	258	+12
Tricentrol	80	+ 5
Utd. Newspapers	355	+32

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Thur. close	Day's change
Std. Chartered	39	628	+55
Tricentrol	36	75	+ 3
STC	35	138	+ 4
Cmb. Eng. Strs	33	268	+13
Beecham	32	361	+ 1
Lonrho	32	298	+ 3
Ultramar	31	175	+ 5
Wellcome	27	220	− 2
Bridon	26	174	+11
Britoil	26	175	+ 6
Shell Trans.	26	780	+12
Pearson	25	490	+10

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
‡150	F.P.	18/4	194	180	♦BPP Hldgs. 10p	190		[illegible]			
[illegible]	F.P.		[illegible]	[illegible]	Chillington Corp.	[illegible]					
[illegible]	F.P.		[illegible]	[illegible]	Do. Defd.	[illegible]					
[illegible]	F.P.		[illegible]	[illegible]	Dranatest T. 5p	[illegible]					
[illegible]	F.P.		[illegible]	[illegible]	Jarvis Porter 10p	[illegible]					
[illegible]	F.P.		[illegible]	[illegible]	[illegible]	[illegible]					
[illegible]	F.P.		[illegible]	[illegible]	PPL 10p	[illegible]					
[illegible]	F.P.		[illegible]	[illegible]	[illegible]	[illegible]					
[illegible]	F.P.		[illegible]	[illegible]	SSplco 5p	[illegible]					
[illegible]	F.P.		[illegible]	[illegible]	Templeton Galbraith	[illegible]					
[illegible]	F.P.		[illegible]	[illegible]	Throgmorton USM	[illegible]					
[illegible]	F.P.		[illegible]	[illegible]	Wellcome	[illegible]					
[illegible]	F.P.		[illegible]	[illegible]	Westland Warrants	[illegible]					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ABDA Prop. 10¾% 1st Mt. Deb. 2011	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Aberdeen (City of) 10.0% Red. 2011	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price p	+ or −
140	Nil		285pm	255pm	Alida Hlgs.	255pm	
140	Nil		[illegible]	[illegible]	Crest Nicholson 10p	[illegible]	
200	Nil		[illegible]	[illegible]	Cullens Hldgs. 10p	[illegible]	
5½	F.P.		[illegible]	[illegible]	Dares Ests. 5p	[illegible]	
160	Nil		[illegible]	[illegible]	Heywood Williams	[illegible]	
350	F.P.		[illegible]	[illegible]	High Point Services 10p	[illegible]	
Ir.82	Nil		[illegible]	[illegible]	Jacobs (W.R.)	[illegible]	
255	F.P.		[illegible]	[illegible]	KLP Op.	[illegible]	
70	F.P.		[illegible]	[illegible]	Kent (M.J.) 5p	[illegible]	
			[illegible]	[illegible]	Liberty Life Pref.	[illegible]	
85	Nil		[illegible]	[illegible]	Martin (A.) 25p	[illegible]	
920	F.P.		[illegible]	[illegible]	H.M.W. Computers	[illegible]	
100	Nil		[illegible]	[illegible]	[illegible]	[illegible]	
11	Nil		[illegible]	[illegible]	Tranwood 5p	[illegible]	
70	Nil		[illegible]	[illegible]	[illegible]	[illegible]	
115	F.P.		[illegible]	[illegible]	Wates (City of London)	[illegible]	
426	Nil		148pm	136pm	Wolseley-Hughes	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ■ Allotment price. * Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4)-(a).

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 17	Apr 4	June 26	July 7
Apr 7	Apr 18	July 10	July 21
Apr 21	May 2	July 24	Aug 4

For rate indications see end of Unit Trust Service

Stocks to attract money for the call included STC, Bullers, Tilbury Group, Fobel, Courtaulds, Pavion, Thurgar Bardex, Empire Stores, Bridon, Carless Capel, Ultramar, Audiotronic, Gestetner, Norfolk Capital, Raine Industries, Thomas Borthwick, Aitken Hume, Britoil and Brooke Tool. Puts were arranged in KCA Drilling, Ward White and Next, but no double options were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	104	2	6
Corpns. Dom & Foreign Bonds	38	9	[illegible]
Industrials	567	256	[illegible]
Financial & Props	258	80	[illegible]
Oils	20	40	[illegible]
Plantations	6	2	[illegible]
Mines	17	84	[illegible]
Others	127	36	[illegible]
Totals	1,136	508	1,1[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	EQUITY GROUPS & SUB-SECTIONS	Tues April 1 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs Mar 27 Index No.	Wed Mar 26 Index No.	Tues Mar 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (212)	727.97	+1.1	7.92	3.39	15.92	3.97	719.78	713.91	709.29	544.42
2	Building Materials (24)	829.17	+1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (29)	1164.75	+1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (12)	1958.57	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (38)	1658.92	+1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (64)	412.63	+0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (7)	331.80	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (17)	296.93	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (22)	1323.40	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (185)	945.19	+1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (23)	948.78	+1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (22)	670.83	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (14)	1924.13	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (10)	1589.65	+2.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (24)	960.46	+1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Publishing & Printing (14)	2375.43	+2.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Packaging and Paper (14)	466.42	+1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (44)	926.77	+2.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (17)	558.73	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	1161.54	+1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	OTHER GROUPS (65)	849.75	+1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Chemicals (19)	917.63	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Office Equipment (4)	260.44	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Shipping and Transport (12)	1645.45	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Telephone Networks (2)	1037.82	+3.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (49)	1034.76	+4.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (483)	874.33	+1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (17)	1163.65	−1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	901.33	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (118)	614.62	+0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (7)	689.17	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	879.02	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	491.34	+0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (8)	1251.71	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	350.58	+0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (51)	744.90	+0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (25)	382.51	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (103)	753.95	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	308.94	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (14)	486.43	+0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (738)	818.22	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Index No.	Day's Change	Day's High	Day's Low	Mar 27	Mar 26	Mar 25	Mar 24	Mar 21	Year ago
FT-SE 100 SHARE INDEX ♦	1684.0	+15.2	1684.2	1671.3	1668.8	[illegible]	[illegible]	[illegible]	[illegible]	1257.1

FIXED INTEREST

	PRICE INDICES	Tues April 1	Day's change %	Thurs Mar 27	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	122.74	+0.27	122.43	0.82	3.06
2	5-15 years	145.46	+0.87	145.59	0.11	3.12
3	Over 15 years	156.70	+0.94	155.24	—	3.61
4	Irredeemables	174.36	−0.03	174.41	—	3.48
5	All stocks	141.41	+0.67	140.54	0.07	3.22
	Index-Linked					
6	5 years	110.32	+0.49	109.63	—	0.61
7	Over 5 years	110.32	+1.12	109.11	—	2.91
8	All stocks	110.32	+1.03	109.20	—	0.90
9	Debentures & Loans	123.07	+0.43	122.82	0.41	2.48
10	Preference	84.75	−0.01	84.93	0.18	2.17

	AVERAGE GROSS REDEMPTION YIELDS	Tues April 1	Thurs Mar 27	Year ago (approx.)
	British Government			
1	Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2	15 years	[illegible]	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5	15 years	[illegible]	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]	[illegible]
7	High Coupons 5 years	[illegible]	[illegible]	[illegible]
8	15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables	[illegible]	[illegible]	[illegible]
	Index-Linked			
11	Inflat'n rate 5% 5 yrs.	[illegible]	[illegible]	[illegible]
12	Inflat'n rate 5% Over 5 yrs.	[illegible]	[illegible]	[illegible]
13	Inflat'n rate 10% 5 yrs.	[illegible]	[illegible]	[illegible]
14	Inflat'n rate 10% Over 5 yrs.	[illegible]	[illegible]	[illegible]
15	Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
16	15 years	[illegible]	[illegible]	[illegible]
17	25 years	[illegible]	[illegible]	[illegible]
18	Preference	[illegible]	[illegible]	[illegible]

♦ Opening index 1671.3; 10 am 1673.7; 11 am 1676.6; Noon 1676.9; 1 pm 1678.0; 2 pm 1678.6; 3 pm 1681.5; 3.30 pm 1684.1; 4 pm 1683.7

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.
CONSTITUENT CHANGES: Bairstow Eves (48), Davenports Brewery (22), Dale Electric (4), Riley Leisure (29), Beatson Clark (33) and Bristol Oil & Minerals (51) have been deleted. Berkeley Group (3), Crowther (J.) (35), Barham Group (32), Body Shop International (34) and Lamont Holdings (35) and Smith Brothers (70) have been inserted. RECLASSIFICATION: Pentland Industries has moved from group (70) into group (48). NAME CHANGE: Steinberg has changed its name to Alexon Group (35).

MONTHLY AVERAGES OF STOCK INDICES

	March	February	January	December
Financial Times				
Government Securities	88.84	83.13	81.61	83.09
Fixed Interest	92.27	88.30	87.54	89.94
Ordinary	1349.0	1220.8	1,167.5	1,113.2
Gold Mines	320.4	329.6	318.1	269.9
Total Bargains	39,178	30,486	24,605	22,768
F.T.— Actuaries				
Industrial Group	836.73	761.14	707.70	705.41
500 Share	867.10	722.39	744.03	740.50
Financial Group	592.85	544.71	516.04	513.92
All-Share	787.16	720.86	679.00	† 674.63
FT-SE 100	1616.6	1482.6	1401.9	† 1396.6

	March High	March Low
Ordinary	1413.1 (20th)	1266.8 (3rd)
All-Share	820.16 (21st)	747.39 (3rd)
FT-SE 100	1690.1 (20th)	1554.2 (3rd)

† Corrected

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$340	30	12	—	—	—	—	$332.60
GOLD C	$350	16	7	—	—	—	—	"
GOLD C	$360	8	4 A	27	13B	11	17	"
GOLD C	$370	12	9	—	—	90	13	"
GOLD C	$380	13	1.50A	—	—	—	—	"
GOLD C	$400	66	0.60A	40	3.60 B	—	—	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 54,071

A=Ask B=Bid C=Call P=Put

WORLD STOCK MARKETS

AUSTRIA | GERMANY | NORWAY | AUSTRALIA (continued) | JAPAN (continued)

BELGIUM/LUXEMBOURG | SPAIN | SWEDEN | HONG KONG | SINGAPORE

DENMARK | ITALY | SWITZERLAND | JAPAN | SOUTH AFRICA

FRANCE | NETHERLANDS | AUSTRALIA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

CANADA

TORONTO

Prices at 2.30pm April 1

F—No voting rights or restricted voting rights.

Indices

NEW YORK—DOW JONES

	April 1	March 27	March 26	March 25	March 24	March 21	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	1,802.08*	1,821.72	1,810.70	1,779.50	1,782.83	1,765.56	1821.72 (27/3/86)	1184.96 (4/1/85)	1821.72 (27/3/86)	41.22 (2/7/32)
Transport	820.53*	828.39	816.24	893.61	806.74	804.22	828.39 (27/3/86)	553.03 (4/1/85)	828.10 (27/3/86)	12.32 (8/7/32)
Utilities	183.37*	191.53	189.37	181.73	186.76	184.60	191.53 (27/3/86)	146.54 (4/1/85)	191.53 (27/3/86)	10.5 (28/4/42)
Trading vol		178m	161m	139m	144.12	159m	–	–	–	–

	March 21	March 14	March 7	Year Ago (Approx)
Ind Div Yield %	3.85	3.60	3.77	4.82

STANDARD AND POORS

	April 1	March 27	March 26	March 25	March 24	March 21	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	260.71*	263.87	262.26	259.59	260.16	258.03	263.87 (27/3/86)	128.24 (4/1/85)	263.87 (27/3/86)	3.62 (30/6/32)
Composite	236.52*	238.97	237.30	234.72	235.33	233.34	238.97 (27/3/86)	163.68 (4/1/85)	238.97 (27/3/86)	4.40 (1/6/32)

	March 18	Feb 19	Feb 12	Year Ago (Approx)
Ind div yield %	3.08	3.30	3.35	3.88
Ind. P/E Ratio	18.71	15.36	15.12	11.11
Long Gov Bond Yield	8.01	8.86	9.13	11.84

N.Y.S.E. ALL COMMON

April 1	March 27	March 26	March 25	1985 High	1985 Low
136.53*	137.68	136.70	135.22	136.17 (14/3/86)	94.60 (4/1/85)

RISES AND FALLS

	March 27	March 26	March 25
Issues traded	2,069	2,051	2,025
Rises	1,147	1,103	666
Falls	544	568	973
Unchanged	378	380	386

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Hiram-Walker	3,630,600	27	+2⅞	AT & T	1,726,000	22¼	−⅛
S Calif Edis	3,441,900	31¼	−⅛	Phillips Pet	1,568,900	9⅞	−⅛
Republic Air	2,115,600	15⅝	−⅛	Pan Am	1,196,300	7⅞	−¼
IBM	1,939,200	151½	+2¼	K Mart	1,159,900	44½	+⅜
Navistar	1,924,500	10⅜	−⅛	US Steel	1,015,500	22⅝	−⅝

TORONTO

	April 1	March 27	March 26	March 25	1985/86 High	1985/86 Low
Metals & Minls	2,387.7*	—	2,353.28	2,375.8	1,442.85 (21/3/86)	1740.82 (31/10/85)
Composite	3,028.7*	3,036.6	3,024.30	3,012.8	3,055.3 (21/3/86)	2348.5 (8/1/85)
MONTREAL Portfolio	1,570.84*	1,564.58	1,565.62	1,558.84	1,583.36 (21/3/86)	1,209.49 (4/1/85)

* Indicates pre-close figure

Indices (world)

	Apr. 1	Mar. 31	Mar. 28	Mar. 27	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1151.5	(c)	(c)	1136.5	1168.8 (25/3)	1010.8 (2/1)
Metals & Minls. (1/1/80)	567.4	(c)	(c)	550.4	682.0 (24/3)	492.5 (2/1)
AUSTRIA						
Credit Bk Aktien (2/1/62)	114.35	(c)	(c)	114.25	126.82 (15/1)	110.13 (5/3)
BELGIUM						
Brussels SE (1/1/80)	3549.89	(c)	(c)	3503.67	3549.86 (1/4)	2165.91 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	(c)	(c)	(c)	242.76 (25/3)	214.57 (21/1)
FRANCE						
CAC General (31/12/82)	(u)	(c)	(c)	354.4	364.4 (27/3)	267.8 (2/1)
Ind Tendance (31/12/85)	142.4	(c)	(c)	140.1	142.4 (1/4)	101.9 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	695.44	(c)	(c)	687.68	716.76 (15/1)	618.54 (27/2)
Commerzbank (1/12/53)	2105.9	(c)	(c)	2085.50	2161.8 (15/1)	1863.6 (27/2)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	(c)	(c)	1625.94	1826.84 (8/1)	1559.94 (19/3)
ITALY						
Banca Comm Ital. (1972)	752.85	(c)	712.75	699.78	752.95 (1/4)	494.67 (24/1)
JAPAN**						
Nikkei (16/5/49)		15745.9	15859.7	15384.3	15237.18 / 15859.7 (31/3)	12981.5 (21/1)
Tokyo SE New (4/1/68)		1260.13	1265.95	1228.68	1228.24 / 1265.95 (31/3)	1025.85 (21/1)
NETHERLANDS						
ANP-CBS General (1970)	267.2	(c)	(c)	265.3	267.2 (1/4)	240.4 (5/3)
ANP-CBS Indust (1970)	255.6	(c)	(c)	250.8	255.3 (17/1)	234.0 (3/3)
NORWAY						
Oslo SE (4/1/83)	353.88	(c)	(c)	(c)	402.61 (16/1)	341.33 (11/3)
SINGAPORE						
Straits Times (30/12/66)	594.27	593.02	(c)	596.65	644.89 (9/1)	569.56 (19/3)
SOUTH AFRICA						
JSE Gold (28/9/78)	...	(c)	(c)	1251.5	1307.9 (27/1)	1168.7 (18/2)
JSE Indust (28/9/78)	...	(c)	(c)	1166.9	1203.1 (20/3)	1069.3 (2/1)
SPAIN						
Madrid SE (30/12/85)	162.56	158.97	(c)	(c)	162.56 (1/4)	100.83 (3/1)
SWEDEN						
Jacobson & P (31/12/56)	2102.28	(c)	(c)	2081.09	2102.28 (1/4)	1525.57 (29/1)
SWITZERLAND						
SwissBankCpn (31/12/58)	593.8	(c)	(c)	591.40	625.5 (6/1)	554.7 (28/2)
WORLD						
M.S. Capital Intl. (1/1/70)	—	309.6		..	309.6 (31/3)	249.8 (23/1)

** Saturday March 29: Japan Nikkei 15,590.9. TSE 1,240.08.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, 2pm prices*

Continued from Page 41

LONDON Chief price changes

(in pence unless otherwise indicated)

RISES		
Tr 11¾% '91	£100⅝	+ ½
Tr 14% '98/01	£134¾	+ 1¼
Tr 2½% IL '13	£ 85¾	+ 1¼
Abbey Life	206	+ 8
Amstrad	428	+ 24
Ashley (Laura)	218	+ 10
Ass Br Ports	560	+ 40
Billam (J.)	120	+ 20
Bowater Inds	350	+ 18
Burton	332	+ 14
Cable & W'less	735	+ 45
Coates Br A	142	+ 8
Emess Lighting	320	+ 28
Ford (Martin)	106	+ 8
Glynwed Intl	378	+ 18
GUS A	£ 10¼	+ ¾
Hillsdown	280	+ 12
IC Gas	310	+ 15
Ladbroke	378	+ 11
Pentland Inds	345	+ 35
Pilkington Br	470	+ 28
SGB	370	+ 22
Stylo	255	+ 20
Thorn EMI	522	+ 23
Tricentrol	80	+ 5
Utd Bisc	258	+ 13
Utd News	355	+ 33
Vaux	450	+ 20
FALLS		
Allied-Lyons	305	− 18
Bluebird Con	90	− 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 2pm, April 1

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24	10⅝	AAR s			21	189	23⅜	22¾	22¾	−1⅛
36	17¼	AFG			18	89	34⅜	33½	33½	−½
25⅝	10¼	AGS			16	40	23	22	22⅝	
15	9⅞	AMCA				30	13⅞	13⅞	13⅞	−⅛
57⅞	37½	AMR			9	2068	57¼	55½	55½	−1¾
25¾	18⅝	AMR pf2.19		8.5		343	25½	25½	25½	+⅛
12½	7⅝	APL			7	29	11¾	11½	11¾	+¼
16¾	10⅜	ARX			13	58	15	14¾	15	+⅜
55⅝	32¾	ASA	2a	5.6		502	35⅞	35¼	35⅞	+⅜
18⅝	10½	AVX		2.3		254	14⅛	13¾	13⅞	−⅝
30⅞	22¼	AZP	2.72	9.1	8	904	u30¼	29⅞	30	
86¾	49½	AbtLab 1.68		2.0	22	2067	85¼	81½	84½	−1¾
31⅞	19⅝	AccoWd .50		1.6	22	41	31⅝	31¼	31⅝	+½
24¾	10	AcmeC .40		3.0	19	60	14	13½	13½	−½
9¼	7	AcmeE .32b		3.8	16	4	8⅜	8⅜	8⅜	+⅛
19¾	16⅞	AdaEx 1.90e		9.9		44	19⅜	19	19⅛	−¼
29	14	AdmMl .40		1.8	12	1	28¾	28¾	28¾	+⅛
20⅜	9¾	AdvSys1.36t		7.9	16	335	18	17¼	17¼	−¾
34	22⅛	AMD				2981	28¾	27¾	27⅞	−⅝
12⅝	8¼	Adobe n				88	9	9	9	
18⅝	14⅝	Adob pf1.84		11		38	16½	16¼	16¼	−¼
19	15¼	Adob pf2.40		13		106	u19⅛	18⅞	19⅛	+¼
17¾	6⅞	Advest .12a		.7	15	264	16¾	16⅛	16⅜	−⅜
66¼	39⅝	AetnLf 2.64		4.1	17	5430	65½	63¾	64⅜	−½
57½	52¼	AetL pf4.97e		9.4		395	52¾	52⅝	52⅝	+⅛
69¼	29	Ahmns 1.38		2.1	9	1772	66¾	66⅛	66⅝	−1⅛
4¾	2½	Aileen			83	17	4¼	4⅛	4⅛	−⅛
82⅝	46⅞	AirPrd 1.48		1.9	16	742	79¾	78⅞	79	−¾
27¾	17½	AirbFrt .60		2.3	19	431	26⅞	26	26¼	−⅜
2⅛	⅜	AlMoan 50c				20	½	½	½	
29¼	25½	AlaP pf2.53e		9.3		20	27	27	27	−⅛
10¼	7	AlaP dpf.87		9.7		1442	10	10	10	+⅜
103¼	70¼	AlaP pf 9		9.2		z20	98¼	98¼	98¼	
107	80	AlaP pf 11		11		z190	104	103½	103½	−1½
88	65¼	AlaP pf 8.28		9.5		z400	87¾	87½	87½	−¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 41

NYSE COMPOSITE PRICES

Continued from Page 40

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chng
		X Y Z								
72¼	42⅝	Xerox	3	4.6	13	4333	66⅝	64½	60	−2⅛
57⅞	50	Xerox pf5.45		9.6		1	56¾	56¾	56¾	−¼
37	26	ZaleCp 1.32		3.9	13	187	35	34¼	34¼	−¾
15⅛	3½	Zapata .03j				276	4	3¾	3¾	−¼
74½	40¼	Zayre s .48		.7	23	542	74½	73	73	−⅜
26¼	16¼	ZenithE				661	25	24½	24½	−½
35	12⅝	ZenLbs .10		.3	23	844	33¼	32¾	33	+⅜
22⅞	13¾	Zero s				25	20¼	18¾	19¾	−½
45¾	28¾	Zumin 1.32		3.1	18	18	43¼	43	43	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begin with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 2pm, April 1

OVER-THE-COUNTER

Nasdaq national market, 2pm prices

Continued on Page 39

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Concern on oil fuels shakeout

THE US financial markets diverged sharply yesterday as Wall Street assessed the implications of world oil prices below $10 a barrel, *writes Terry Byland in New York.*

The Dow Jones industrial index plunged below 1,800 early in the session as worries over the energy loan portfolios at the major banks overflowed into industrial stocks. But bonds surged by a further full point as oil prices fell and rumours circulated that the Japanese Finance Ministry might lift restrictions on foreign bond purchases.

After a slow start, the stock market fell at mid-morning when a dip in the stock index futures encouraged worries that the market might be overheated.

At 2pm the Dow Jones industrial average was down 27.66 at 1,794.06.

The shakeout in the stock market, while not unexpected, followed warnings from the investment press, some of whicb featured reminders of the frenzy which preceded the famous market crasb of 1929.

The equity setback contrasted strongly with the continued surge in federal bonds, which took long-dated yields to below 7.30 per cent at one stage. The treasury hond sector was also responding to optimism surrounding yesterday's opening of the meeting of the Fed's Open Market Committee (FOMC). Hopes of an easing in Fed policy were also encouraged hy the supply of further liquidity to the market hy the Fed, which announced another $2bn in customer repurchase arrangements.

Stock market indices were hit hy selling of technology, motor and chemical stocks. Oil shares came under renewed pressure as oil prices hroke below the significant $10 a harrel level.

The recovery in IBM was abruptly reversed, and Big Blue fell $1⅛ to $150⅜ in hefty selling. Also sbarply lower were Digital Equipment, $4 down at $153¾, Burroughs, $2 down at $64 and NCR, $1¼ off at $42½.

A jolt to confidence in the technology sector came when Prime Computer fell $3⅞ to $19⅝ after warning of a 25 per cent drop in first-quarter earnings.

Unsettling the industrial sector was a wave of uncertainty in the financial stocks, worried about the effects of plunging oil prices on international and domestic loan portfolios.

Financial Corporation of America, the largest thrift group, slumped $2⅛ to $14⅞, as news that problem loans now total almost $2bn brougbt beavy selling.

Bankers Trust fell $1⅜ to $46, J. P. Morgan $1½ to $77, Citicorp $⅝ to $51¾ and Chase Manhattan $⅞ to $45⅞.

General Motors, another blue cbip to reverse recent firmness, dipped $1¾ to $84½. Chrysler, down $½ at $44⅜, and Ford, down $1 at $80⅞, also weakened.

Oils eased cautiously but suffered smaller losses than other sectors. Paradoxically, Wall Street believes that bigger oil companies will be able to hold the profits line for a while despite the fresh plunge in crude prices.

However, Occidental Petroleum eased $¾ to $23¾ after disclosing that the fall in oil prices could force the sale of some assets.

Exxon, at $55¼, shed $½ in moderate trading while Atlantic Richfield shed only $⅛ to $51⅞. A more serious casualty of the oil price collapse was United Steel, down $1 at $21¼ in heavy selling as the market realised that lower oil prices could mean an increased loss for the coming quarter.

Another weak spot was Ashland Oil, down $2⅛ at $49¼, with nearly 1m shares traded after the board said it would repurchase 1.6m shares from the Belzberg family at $51, thus terminating the Belzberg plan to bid $60 for the equity. Analysts suggested Ashland might buy back more sbares, or boost the dividend as part of a possible restructuring.

In cbemicals, Monsanto paid the penalty for its recent popularity with a fall of $2½ to $60 while Du Pont, at $75¼, shed $1¼ and Dow, at $51, lost $1⅞.

The exception to the trend among pbarmaceuticals was Merck whicb jumped a further $1¾ to $178. Bristol-Myers gave up $⅞ at $74¾ and Pfizer $¾ to $59⅝.

Bond prices came off the top as the session quietened to show net rises of a full point or so. At the sbort end, rates fell 6 basis points, bringing three-month Treasury bills to 6.28 per cent.

TOKYO

Overheating worries lead to retreat

CAUTION over soaring stock prices and news of the financial difficulties of a speculator group sent Tokyo into retreat yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Low-priced large-capital stocks, whicb bad traded actively on Monday, fell while some financials advanced.

The Nikkei average lost 113.88 to 15,745.87 on a volume of 1,487.15m sbares, against 1,328.26m on Monday. Losses led gains 533 to 337, with 93 issues uncbanged.

The market indicator sbed 166 early in the session, rallied by 108 at the beginning of the afternoon and turned down again on widespread selling.

Oriental Terminal Products, listed on the Second Section of the Tokyo Stock Excbange, effectively went bankrupt in the morning, with debts totalling Y42bn. The financial problems then surfaced of a speculator group which has close links with Oriental, and this dampened the bectic buying. Issues traded by the group included Japan Air Lines which plummeted Y1,800 to Y8,700 while Fuji Spinning and Gajoen Kanko shed Y45 to Y330 and Y100 to Y940, respectively.

By mid-morning, after the selling bad run its course, institutional and individual investors began bunting financial issues and trading bouses, pushing up prices. Profit-taking soon set in on rumours that the exchange would further tigbten margin trading regulations and reports that the Bank of Japan was buying dollars in the foreign exchange market.

Profit-taking hit low-priced large-capital stocks which bad firmed on Monday amid speculative buying by dealers and individuals. Nippon Steel remained the busiest issue with 75.26m shares changing hands but fell Y7 to Y161. Nippon Yusen, the third husiest with 65.77m sbares traded, fell Y30 to Y495, Mitsubishi Heavy Industries Y24 to Y428 and Sumitomo Chemical Y21 at Y325.

Mitsubishi Estate and Nippon Express, both asset-beavy stocks favoured since early February, fell Y100 to Y2,130 and Y37 to Y695. Ohbayashi sbed Y41 to Y609 and Taisei Y29 to Y456.

Tokyo Gas firmed Y5 to Y442 and Tokyo Electric Power added Y20 to Y3,940, but many other utilities eased.

Mitsui and Company increased Y15 to Y515 and Mitsubishi Y50 to Y765. Among financial stocks Sumitomo Bank added Y140 to Y2,230 and Nomura Securities Y40 to Y2,080. Investors also sought biotechnologies, with Takeda Chemical rising Y130 to Y1,600 and Yamanouchi Pharmaceutical Y160 to Y3,410.

On the bond market the barometer 6.2 per cent government bond due in July 1995 was bought in response to the firm US long-term bond market. The yield fell from Monday's 4.550 per cent to a record low of 4.460 per cent at one stage but rose as caution grew and ended at 4.590 per cent.

Hong Kong was closed yesterday for a local holiday.

AUSTRALIA

SELLING PRESSURE forced Sydney lower after Wednesday's record finisb. A decline in oil, metal and gold prices also clawed at gains in the resources and mining sectors.

The All Ordinaries faded 6.8 points to 1,129.7 while the gold index gave up a hefty 48.1 to 941.1.

BHP moved against the trend, bowever, adding 8 cents to A$6.28, while Bell Resources, which last week dropped a takeover bid for the country's largest company, was 12 cents up at A$4.90. Analysts believe that a renewed takeover bid by the Holmes à Court group is inevitahle.

As the gold price dropped US$12 overnight, golds mirrored the fall. Central Norseman lost 30 cents to A$8.60.

EUROPE

Post-holiday return with a flourish

POST-HOLIDAY blues were brushed aside over most of Europe yesterday as tumhling oil prices and hopes of lower interest rates tempted buyers.

Belgium and Sweden stood bead and sboulders above the crowd while nearly all the other major bourses ended the day firmer.

Belgium closed at another record with the Belgian Stock Exchange index adding 46.22 to its pre-Easter peak to finish at 3,549.69.

Investors were encouraged by government attempts announced at the weekend to reduce the country's large budget deficit. The moves helped offset losses whicb traditionally follow the ending of the 15-day trading period on the Brussels forward market.

Holding companies led the rise and closed sharply higber. Sofina added BFr 850 to BFr 9,650, Société Générale de Belgique BFr 75 to BFr 3,245 and GBL BFr 115 to BFr 3,115.

Intercom, up BFr 155 to BFr 3,965, led utilities higber including EBES, up BFr 10 to BFr 4,660.

Among banks Générale rose BFr 140 to BFr 6,400 while Kredietbank closed unchanged at BFr 13,975.

Strong gains were seen in **Frankfurt** on bopes of more available money and the knock-on effect of firmer prices on other European bourses.

Major gains were seen among banks, but retail shares were one of the few sectors to end the session lower.

Hopes of good 1985 profits lifted banks, with Dresdner up DM 8.50 at DM 444.50, Commerzbank DM 5.30 at DM 327.50 and Deutscbe Bank DM 24 at DM 650.

However, profit-taking left the retail sector lower, stripping recent sbarp gains. Kaufhof closed DM 14 down at DM 466, and Karstadt lost DM 10 to DM 391.

Elsewhere, rises were seen in electricals, with Siemens up DM 7.50 at DM 698 and AEG DM 1 at DM 333.

Among car makers, VW continued to rise, adding DM 7.20 to DM 590.20 amid hopes that it will pay a substantially higher dividend. Daimler added DM 5 to DM 1,328 and BMW DM 2 to DM 550.

In the bond market, prices surged by as much as 170 basis points, the second hig rise in consecutive trading days, on a wave of domestic huying.

The Bundesbank continued selling, but at a reduced level with DM 66.5m worth of paper against DM 140.5m before the Easter holiday.

Only isolated falls were seen in **Amsterdam**, huoyed by the lower oil price and strong capital markets in Europe and the US.

The ANP-CBS General index added 3.2 to close at 266.5, not far off its January peak of 267.0.

Royal Dutch was one of the few losers of the sessinn amid worries over the oil price. It closed Fl 1.80 down at Fl 189.40.

However, good gains by Unilever, up Fl 7 at Fl 421, and ABN Bank, up Fl 12 at Fl 594, encouraged the remainder of the bourse upwards.

Financials included NMB Bank, whicb added Fl 5 to Fl 214, and Aegon, up Fl 2.70 to Fl 107.50.

Elsewhere, KLM firmed 10 cents to Fl 54 following last week's share issue while chemicals group Gist-Brocades added Fl 4.50 to Fl 282. VNU slipped Fl 3 to Fl 292.50.

Bonds prices were generally firmer.

Investors in **Zurich** were encouraged by bopes of the dollar's stability.

Banks were in demand, witb Swiss Bank bearer shares adding SFr 12 to SFr 600. Good gains were also seen in insurance bearer sbares, as well as in bearer and registered sbares in chemicals and transport.

Bonds prices closed marginally higher.

Stockholm continued its record rise following the seven peaks registered during March.

Among actives Volvo firmed SKr 12 to SKr 354 while Nobel Industrier added SKr 55 to SKr 485 following news that its subsidiary AB Bofors had won a large field gun order from the Indian army.

Paris continued to climb for its ninth consecutive session with good gains registered by Alcatel, np FFr 160 to FFr 2,465, and Chargeurs, up FFr 193 to FFr 1,453.

However, oils slipped, with Elf Aquitaine down FFr 9 at FFr 225.

All sectors gained in **Madrid** where trading was active while demand for industrial, insurance and banking shares led Milan higber.

Oslo was the only bourse to close lower in the wake of continued weaker oil prices.

SINGAPORE

BUYERS HUNTED bargains in Singapore yesterday, and prices edged higher with the activity.

Some caution was evident, however, as reports circulated that a Malaysian stockbroker had been suspended from trading after failing to honour its commitments with another broking firm.

Raleigb, which ended 19 cents higber at S$1.85, was top of the actives list.

Banks were mixed. OCBC rose 5 cents to S$6.20 while Malayan Banking dropped 6 cents to S$3.88 and DBS slipped by a similar amount to S$4.60.

Elsewhere, Fraser & Neave gained 5 cents to S$5.70 and Keppel Shipyards 6 cents to 73 cents while Singapore Airlines shed 5 cents to S$6.55.

LONDON

Confident tone boosted by forecast

THE CONFIDENT tone developed over the previous week in London continued yesterday, undeterred by falling oil prices.

Enthusiasm was boosted by the London Business School post-budget review of the economic outlook which forecast a 3 per cent inflation rate.

The FT Ordinary share index sneaked across the 1,400 barrier to end up 12.2 at 1,402.2, and the FT-SE 100 rose 15.2 to 1,684.0.

Buyers focused on blue-chip and situation stocks, and many current speculative favourites were also given a run.

In active stocks Cable & Wireless added 45p to 735p, United Newspapers gained 32p to 355p and Tricentrol rose 5p to 80p.

Strength in US bonds encouraged the gilts sector, and despite some profit-taking longer-dated stock recorded gains of just over a point. Shorts were about ⅝ up and index-linked around 1¼.

Chief price changes, Page 39; Details, Page 38; Share information service, Pages 36–37

CANADA

A SLIGHTLY easier trend developed in Toronto by mid-session.

News that Allied-Lyons, the UK diversified foods group, had agreed to buy Hiram Walker's drinks division left the Canadian group C$1¼ lower at C$36⅛. The Toronto exchange has postponed Gulf Canada's takeover bid for the company.

As a result of the oil price dropping below US$10 a barrel, Imperial Oil gave up C$2⅛ to C$44¾ while Genstar moved C$¼ lower to C$56½ and Canadian Pacific C$¼ to C$19¾.

Royal Bank of Canada, which plans a C$150m issue of preferred shares, gained C$¼ to C$31½.

SOUTH AFRICA

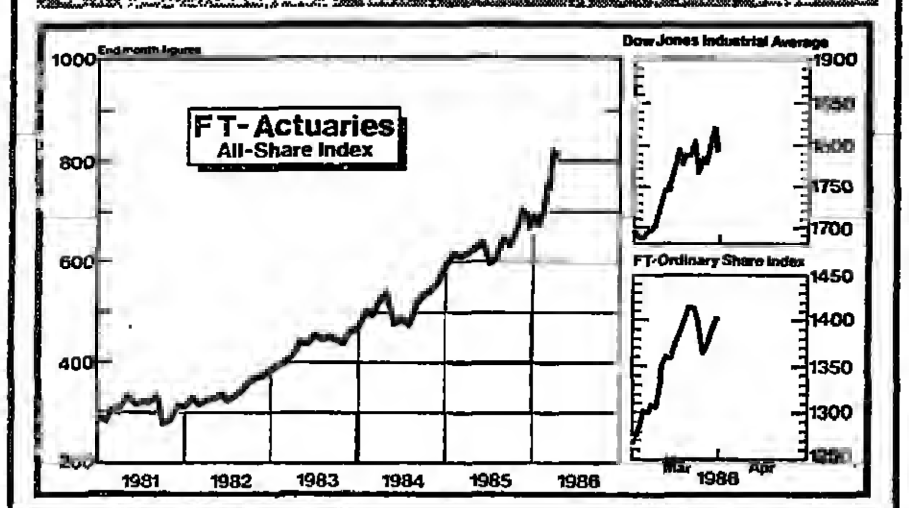
TRADING was subdued in Johannesburg as investors recovered from the Easter break, and golds were hit by the sharp fall in the world bullion price.

Elandsrand dropped R1 to R18.75, Driefontein gave up R2.25 to R52 and Buffels lost R3.50 to R73.

One of the few gainers was Nedbank, 10 cents higher at R6.60. Rembrandt, the tobacco group, also saw a rise, adding 50 cents to R52.

Among other miners De Beers lost 40 cents to R23.40 while in financials Gold Fields dropped R2 to R34.75 and Anglo American shed R2.35 to R42.50.

MARKET MONITORS



STOCK MARKET INDICES

	April 1	Previous	Year ago
NEW YORK			
DJ Industrials	1,794.06*	1,821.72	1,272.75
DJ Transport	817.96*	828.39	602.52
DJ Utilities	192.45*	191.53	154.13
S&P Composite	235.56*	238.97	181.27
LONDON			
FT Ord	1,402.2	1,390.0	969.4
FT-SE 100	1,684.0	1,668.8	1,278.3
FT-A All-share	818.22	810.48	620.15
FT-A 500	901.13	891.3	677.74
FT Gold mines	279.9	286.9	506.2
FT-A Long gilt	8.92	9.0	10.51
TOKYO			
Nikkei	15,745.87	15,859.70	12,677.10
Tokyo SE	1,260.10	1,265.93	999.30
AUSTRALIA			
All Ord.	1,131.5	1,136.6	828.6
Metals & Mins.	567.4	580.4	524.3
AUSTRIA			
Credit Aktien	114.35	114.25	74.19
BELGIUM			
Belgian SE	3,549.8S	3,503.87	2,249.7
CANADA			
Toronto			
Metals & Minls	2,307.7*	2,353.2	2,033.0
Composite	3,029.7*	3,036.8	2,615.6
Montreal			
Portfolio	1,570.84*	1,564.58	129.25
DENMARK			
SE	n/a	242.42	178.02
FRANCE			
CAC Gen	n/a	354.4	211.4
Ind. Tendance	142.4	140.1	74.9
WEST GERMANY			
FAZ-Aktien	695.44	687.68	408.72
Commerzbank	2,105.S	2,085.5	1,183.2
HONG KONG			
Hang Seng	closed	1,625.94	1,389.13
ITALY			
Banca Comm.	732.85	712.75	269.54
NETHERLANDS			
ANP-CBS Gen	267.2	263.3	202.8
ANP-CBS Ind	253.6	250.8	165.0
NORWAY			
Oslo SE	353.08	356.51	308.11
SINGAPORE			
Straits Times	594.27	593.02	818.24
SOUTH AFRICA			
JSE Golds	–	1,251.5	1,039.6
JSE Industrials	–	1,166.9	897.6
SPAIN			
Madrid SE	162.56	1,597.97	82.75
SWEDEN			
J & P	2,102.28	2,081.09	1,384.50
SWITZERLAND			
Swiss Bank Ind	593.8	591.4	414.3
WORLD	Mar 31	Prev	Year ago
MS Capital Int'l	309.6	301.3	203.3

COMMODITIES

(London)	April 1	Prev
Silver (spot fixing)	354.15p	378.00p
Copper (cash)	£974.50	£984.75
Coffee (Mar)	£2,406.00	£2,441.00
Oil (Brent blend)	$10.25	$11.80

GOLD (per ounce)

	April 1	Prev
London	$328.75	$343.75
Zürich	$331.75	$342.50
Paris (fixing)	$336.76	$347.11
Luxembourg	$334.70	$345.50
New York (June)	$335.00	$334.80

CURRENCIES

	US DOLLAR		STERLING	
(London)	April 1	Previous	April 1	Previous
$	–	–	1.4715	1.484
DM	2.335	2.3255	3.435	3.45
Yen	177.9	179.45	261.75	266.25
FFr	7.16	7.155	10.535	10.6175
SFr	1.9475	1.948	2.865	2.89
Guilder	2.6305	2.621	3.87	3.89
Lira	1,584.0	1,582.5	2,331.0	2,348.5
BFr	47.7	47.75	70.2	70.85
C$	1.3915	1.397	2.046	2.071

INTEREST RATES

	April 1	Prev
Euro-currencies (3-month offered rate)		
£	11 7/16	11 7/16
SFr	4⅛	4 3/16
DM	4 7/16	4 9/16
FFr	13⅛	12½
FT London Interbank fixing (offered rate)		
3-month US$	7 9/16	7 7/16
6-month US$	7 3/16	7 7/16
US Fed Funds	7 7/16*	7 9/16
US 3-month CDs	8.80*	7.16
US 3-month T-bills	6.30*	6.54

US BONDS

Treasury

		March 26* Price	March 26* Yield	Prev Price	Prev Yield
7⅛	1988	100 17/32	8.835	100 1/32	7.108
7⅞	1993	101 7/32	7.15	106 4/32	7.578
8⅞	1996	111 3/32	7.285	108 17/32	7.65
9¼	2016	122 16/32	7.373	116 3/32	7.84

Treasury Index

Maturity (years)	Return index	April 1* Day's change	Yield	Day's change
1–30	151.79	+0.48	7.31	−0.05
1–10	143.02	+0.27	7.20	−0.05
1–3	134.03	+0.16	7.01	−0.05
3–5	144.81	+0.15	7.33	−0.02
15–30	183.20	+1.21	7.68	−0.07

Source: Merrill Lynch

Corporate	April 1* Price	April 1* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101¾	9.85	101¾	9.85
3⅞ July 1990	89⅝	6.72	89⅝	6.72
8¾ May 2000	98⅝	8.95	98⅝	8.95
Xerox				
10⅜ Mar 1993	108⅝	8.08	108⅝	8.08
Diamond Shamrock				
10⅜ May 1993	101¾	10.09	101¾	10.08
Federated Dept Stores				
10⅜ May 2013	110⅞	9.5	110⅞	9.5
Abbot Lab				
11.80 Feb 2013	111½	10.50	111½	10.50
Alcoa				
12¼ Dec 2012	111⅝	10.9	111⅝	10.9

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
June	102–10	104–17	102–02	102–10
US Treasury Bills (IMM)				
$1m points of 100%				
June	94.08	94.16	94.06	94.07
Certificates of Deposit (IMM)				
$1m points of 100%				
June	93.39	93.39	93.39	93.33
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	92.11	93.15	93.06	92.92
20-year Notional Gilt				
£50,000 32nds of 100%				
June	128–15	128–18	127–11	126–23

** Latest available figures*

SECTION III

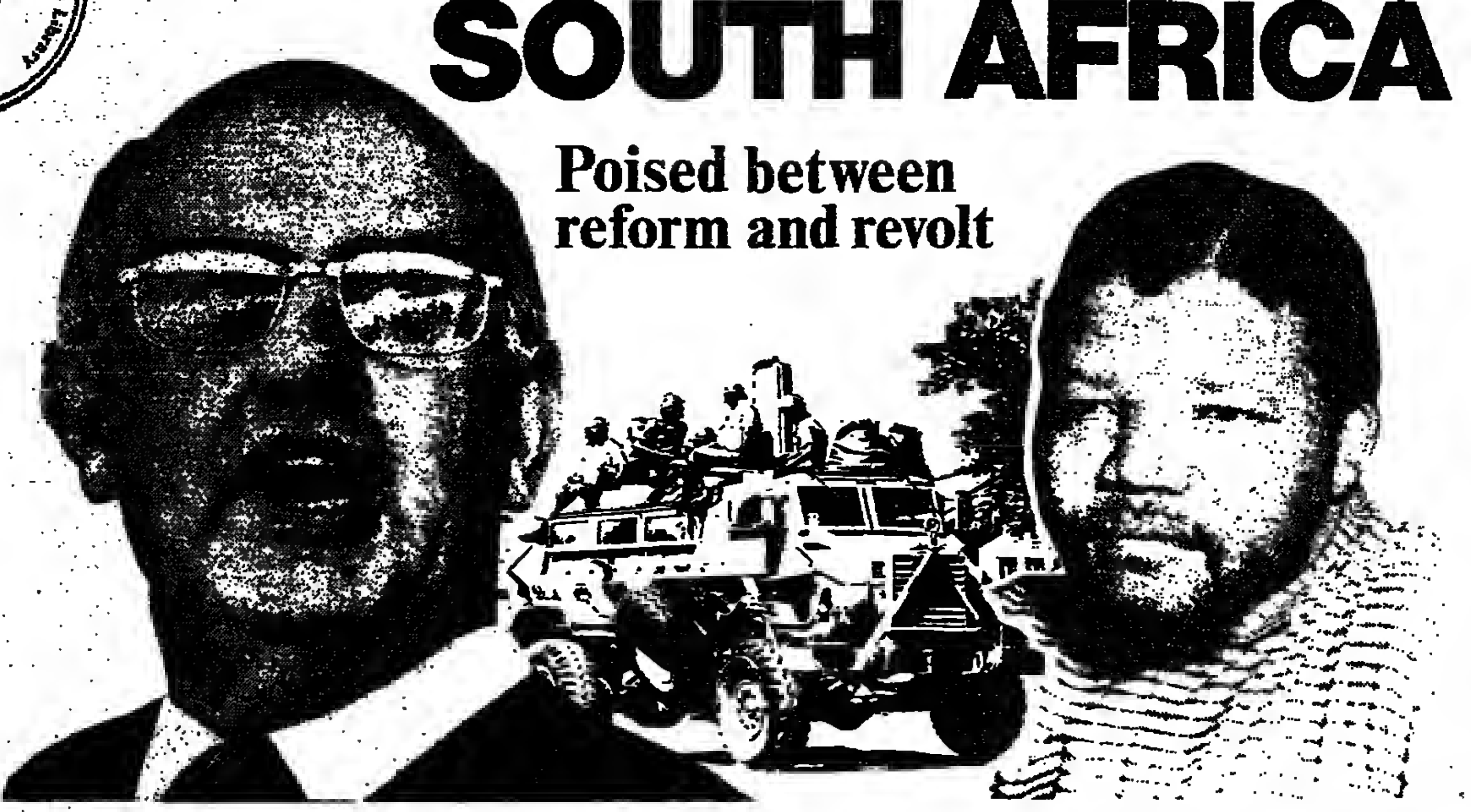
FINANCIAL TIMES SURVEY

SOUTH AFRICA

Poised between reform and revolt

❛Black leaders must be creative enough to come forward with alternative suggestions that would meet the group security requirements of minorities—especially the white minority which presently holds power—in order to persuade it to surrender its monopoly and accept power sharing❜

—Dr Gerrit Viljoen, Minister of Education and Development Aid



PRESIDENT P. W. Botha (left) has declared apartheid to be dying and has offered power-sharing to blacks. Despite the lifting of the state of emergency, violence, which has claimed 1,200 lives over the last two years, continues in the black townships.

Before meaningful black/white negotiations can start, blacks demand the release of their jailed and exiled African National Congress leaders, especially Nelson Mandela (right).

Until then, the violent stand-off will continue—with the risk of further polarisation between white and black.

By Anthony Robinson

FOR ALL its short history, South Africa is a country of pervasive myths and long memories. It is also a country of emotive anniversaries. This year, on June 16, the country remembers the start of the Soweto rising which, in retrospect, marked the beginning of the end of apartheid.

In bis address to Parliament on January 29, even Preaident Pieter (P.W) Botha acknowledged that "apartheid ia dying"—although his words continued to evoke considerable scepticism both at bome and abroad.

For Preaident Botha, although formally the state preaident of all South Africans, as well as supreme chief of the country's multi-tribal black majority, has his real power base as leader of the Afrikaners. After over 300 years in the conntry they, too, are an African tribe.

They make up around 60 per cent of the 4.8m strong white population (whicb inclndes over 600,000 Portuguese from the former colonies and large numbers of ex-Rhodesians and other colonial refugees) and are, therefore, the largest white tribe. If one looks at South Africa in tribal terms, as the Afrikaners tend to do, the 2.8m Afrikaners are about on a par with the mixed-race, part Afrikaner-blooded "coloureds," but beavily outnumbered by the nearly 7m Zulus and over 6m Xhosas, and are only a tiny minority of the total 36m people who currently inhabit South Africa, including all the bomelands. What is more their population is essentially static, while the black population is increasing at close to 3 per cent annually.

Add to all this the fact that, unlike thousands of more recent white immigrants, they beve no foreign passports or bolt-holes to retreat into. Whatever bappens, they have to stay and face the consequences.

From their African perspective, Afrikaners and many others look at the rest of the continent and see a pattern wbere, in tha artificial states created by European colonial map-drawers, the dominant tribe lords it over all the others, in mucb the same way as the Afrikaners have dominated South Africa for the past 40 years.

What they fear most is that, if ever they lose thair dominant position, their wbole culture, language and traditions will be endangered, as well as the modern industrial and urbanised society and prosperous agricultural system which makes South Africa unique on the African continent.

Little wonder under the circumstances, therefore, that the Afrikaners are fighting such a determined rear-guard action to put off the day wben power over their own destinies slips from their grasp. Yet, what is taking place in South Africa is far more than a last-ditch defence of an unsustainable system.

What we are witnessing is an attempt to soft-land a revolution, in the knowledge that there are few, if any, historical precedents for a ruling group to give up power voluntarily—except in that tiny majority of democratic countries which provide institutionally for the peaceful transfer of political power through elections.

South Africa, with its ethnic and cultural diversity, its First World/Third World dichotomy and violent history, is not such a country (except in the limited sense of a restricted parliamentary system wbich excludes blacks).

What the Afrikaners are seeking is not a formula for the abdication of power but one which will enable them to share power and responsibility with other racial and ethnic groups which make up the overwhelming numerical majority, withont losing control.

What they are trying to do is pursuade the majority that only in this way will it be possible to ensure that political cbange takes place in a way which guarantees continuing economic prosperity and avoids the risk of violent resistance *a l'outrance* by whites who presently hold the levers of economic, political and military police power.

At the heart of the strategy is an attempt to persuade all South Africans that theirs is a "country of minorities" in which the traditional rules of orthodox democracy — and especially majority rule — are inappropriate and even destructive.

This is the essence of what might be called "neo-apartheid," the brain child of men like Dr Gerrit Viljoen, the minister of education and Mr Chris Heunis, the minister of constitutional development and the new breed of Afrikaner academics and technocrats at universities, ministries and the armed forces. It is the basis for the kind of "power-sharing" offered, most recently, in the president's address at the opening of Parliament.

At its beart is the belief that the classic formula of "one man, one vote in a unitary state" — the stated aim of the African National Congress (ANC), the United Democratic Front (UDF) and most other black political organisations — will be resisted to the death by many whitea — for the reasons outlined above.

The main aim of the Government is to try and persuade black leaders to be more imaginative and creative in imagining the type of political solutions which would give them power, without provoking a bead-on and bloody clash with the existing white power structure.

In the words of Dr Viljoen, "black leaders must be creative enough to come forward with alternative suggestions that would meet the group security requirements of minorities — especially the white minority which presently bolds power—in order to persuade it to surrender its monopoly and accept power-sbaring."

In essence, what is required is a formula which will ensure that the transformation of South Africa into Azania (the adopted name for a future black South Africa) will take place in a way which will ensure that wbites will be both willing and able to play their part and apply their skills secure in their own political and cultural future.

Stripped to its essentials the current black/white stalemate is caused by the fact that blacks now bave an effective veto power to block any reform initiative, while whites have the economic and military/police muscle to prevent a forcible takeover of power by the still largely unarmed, and divided, black majority.

This situation could last indefinitely, but at bigh cost especially in terms of economic development. Already the lack of a secure and peaceful political perspective for the country's future has contributed to a low level of investment. This, in turn, has meant that over the past five years tbe gross domestic product has grown by a mere 1.1 per cent annually. Much of tbe current unrest—which bas cost over 1,200 lives and thousands of injuries over the past two years—can be attributed to rising black unemployment, declining living standards and the dashing of rising expectations. Wbites, too, bave seen their living standards slasbed by high inflation and interest rates, rising personal taxation whicb bas risen from 22 to 30 per cent of total tax over tbe past two years alone, and the recession.

Last year the economy declined by 0.6 per cent. It is expected to show 3 per cent growtb this year, but tbe refusal of international banks to provide fresh capital, and the need to service some $24bn of foreign debt, requires a balance of payments surplus whicb imposes a major restraint on future growth, and has, in effect, turned South Africa, a developing country in need of capital, into a net capital exporter for the foreseeable future.

Thus far, almost all tbe onus for change has been placed on the Government, as if the removal of apartbeid would automatically create the conditions for a resumption of investment.

The Government, out of its own internal conviction as much as foreign pressure, has embarked on an unprecedented programme of removing wbat it calls "the discriminatory aspects" of apartheid.

CONTINUED ON PAGE 8

IN THIS SURVEY

Foreign policy	2
Overseas trade	2
Trade unionism	2
Educational reforms	3
The Homelands	3
Black settlements	3
White tribes divided	4
Agriculture	4
Trade sanctions	4
Economic scene	5
The stock market	5
Exchange controls	5
Gold mining	6
Coal industry	6
Platinum mining	6
Consumer spending	7
Visitors to Pretoria	7
Namibia issues	8

Emphasis on key regional role

Foreign policy
ANTHONY ROBINSON

THE MAIN thrust of South African foreigo policy over the last year has been to remind its neigbbours, and the wider world, of its real strengtbs as a regional economic, military and political power to be reckoned witb. Sometimes this has taken tbe form of reminders that the bulk of Southern Africa's trade —as far north as Zaire—makes use of South African rail and harbour facilities or that without remittances from the nearly 2m legal and illegal immigrant workers in South African mines, farms and factories, millions of dependants in neighbouriog countries would go bungry.

At other times the message has been even less subtle. Over the last four years all the couotry's immediate neighbours have been either nudged or bludgeoned into security pacts with Pretoria.

The net result bas been to deprive Umkhonto We Sizwe, the military wing of the African National Congress (ANC) of facilities and supply routes, thus greatly complicating its avowed aim of escalating the military and political offensive against the Government.

Swaziland in 1982 and Mozambique, witb the Nkomati accord of March 1984, were the first to bow to tbe realities of South Africa's regional power status. Pretoria's attention then focused on Botswana and land-locked Lesotbo. When diplomatic pressure, and threats to repatriate foreign workers and apply other economic levera, failed to convince these governments, a Soutb African commando unit stormed across the Botswanan border last June to kill suspected ANC activists in Gaberooe. Six months later a similar operation was mounted against suspected ANC cadres in the Lesothan capital, Maseru.

South Africa openly admitted responsibility for the Gaberone raid, whicb received wide international condemnation and led to the lengthy withdrawal of the US ambassador Mr Herman Nickel, but denied responsibility for Maseru. The denial convinced no one.

It was clearly seen as a response to a spate of fatal explosions of landmines planted by ANC guerrillas on farms close to the Zimbabwean and Botswanan borders and a rocket attack on the Sasol oil from coal plant. These led to irresistible demands for tough action against the ANC.

In the new year this took the form of persistent diplomatic pressure on Botswana and the impositon of border controla at the Lesotho crossing points which amounted to an economic blockade of the mountalnous kingdom whicb is entirely surrounded by South Africa and the Transkei homeland.

The results were not long in coming. Two weeks after the blockade began, troops of the Lesotho para-military force surrounded government bnildings in Maseru and on January 20 the Government of Chief Leabua Jonathon wos replaced by a military council led by General Justin Lekhanya.

Shortly afterwards the first of several plane loads of ANC men left the country. Border controls were relaxed—and Botswana was left as the only neigbbour to hold to its position that a formal security agreement with South Africa was an unnecessary infriogement of its sovereignty.

In the first week of March, Botswana's acting minister for external affairs flew to Lusaka for talks witb Mr Oliver Tambo, the ANC president in exile, and President Kenneth Kaunda.

On his return, the Botswana Government announced that the ANC representatives in the country would be removed and tbat the ANC's Solidarity news service—one of the targets of last years raid—would also be closed down.

Significantly Zimbabwe was spared the indignity of cross-border hot pursuit operations across the Limopo river by South African troops. Pretoria has no desire to clasb with the British-trained Zimbabwe army and Harare draws a clear distinction betwen Marxist-sounding rhetoric and the need for good relations with its southern neighbour.

Pretoria has accepted tbat the use of Zimbabwean territory by ANC guerrillas who planted landmines across the border was not abetted by Prime Minister Robert Mugabe.

Having dealt a considerable blow against the effectiveness of the ANC's military wing and underlined the limited sovereignty of its neighbours the emphasis now is on soothing ruffled feathers by emphasising the positive aspects of good relations with Pretoria. For Lesotho, this means the expected go-ahead shortly on the R2.5bn highlands water scheme which will earn bard currency by the export of water and bydro-power to South Africa. For Zimbabwe, closer co-operation in the border area was closely followed by a R40m maize-for-tractors barter deal.

Tighter security around its immediate frontiers is an essential part of South Africa's long-term foreign policy aim of correcting what it sees as the widespread, but erroneous, impression that South Africa is somehow on the verge of an Iranian-style collapse of government will and on the brink of an armed insurrection followed by revolution.

Its task bas been made a lot easier in recent mooths by fundamental changes in the world economic balance of power brought about by, for exmple, the collapse in international oil prices. It bas not escaped attention in Pretoria that 60 per cent of the Soviet Union's hard currency earnings come from oil exports, or that 95 per cent of Angola's export receipts come from oil and diamonds.

Angolan President Eduardo dos Santos recently estimated that falling oil prices will cost at least $600m in lost revenue this year. The hope in Pretoria is that this will reduce Luanda capacity either to import Soviet bloc arms or rent the Coban army, or both.

President Botha's announcement in Parliament on March 4 that South Africa had set August 1 as a target date for the beginning of implementation of UN Security Council resolution 435 for the independence of Namibia bas to be seen against this background. The pre-condition is agreement on the withdrawal of the estimated 35,000 Cuban and Soviet bloc troops and advisers from Angola, as it has been since South Africa and the US Government first raised the vexed question of "linkage" in 1981.

Angola effectively accepted the linkage principle duriog talks on the Cape Verde Islands in November 1984 with both the South Africans' and America's roving African troubleshooter Mr Chester Crocker, the Assistant Secretary of State for African Affairs.

The main obstacles to a mutual, pbased reduction of Cuban troops from Angola and South African forces from Namibia are military aod political. Without the support of Cuban forces the MPLA Government in Luanda risks military defeat at the bands of the South African-supported Unita movement, led by Dr Jonas Savimbi.

After repeal of tha Clarke amendment by the US Congress last year and bis recent visit to Washington, Dr Savimbi is now poised to receiva US military as well as financial assistance on a limited scale.

Optimists hope that this will push Luanda into agreeing to a political compromise and the formation of a coalition government with Unita. Pessimists fear it could lead to increased Cuban and Soviet involvement to prevent a bumiliating loss of face—both military and political.

The challenge is to find a face-saving formula which would allow Cuba and the Soviet Union to withdraw with dignity. But this is virtually impossible to imagine in a purely African context. It will probably only be achievable if negotiated in the hroader context of super-power arms limitation trade-offs or flexibility in other areas lika Afghanistan.

The reason why a purely regional or African solution is so difficult to imagine is that the removal of Cuban and Soviet forces from Angola—coupled with their already substantial loss of influence in Mozambique—would dramatically change the political map of Africa—and perceptions of the Soviet Union throughout the Third World.

South Africa is confident that once the Cubans are withdrawn it can live with an independent Namibia which will always be economically and logistically dependent on good relations with the Republic.

But the main prize of a Cuban withdrawal would not be Namibian independence, a side show at the best of times, bnt the openiog up of new investment opportunities throughout Western and Southern Africa and a political environment in which South Africa, suitably reformed internally, could play a major role in economic reconstruction of the sub-continent.

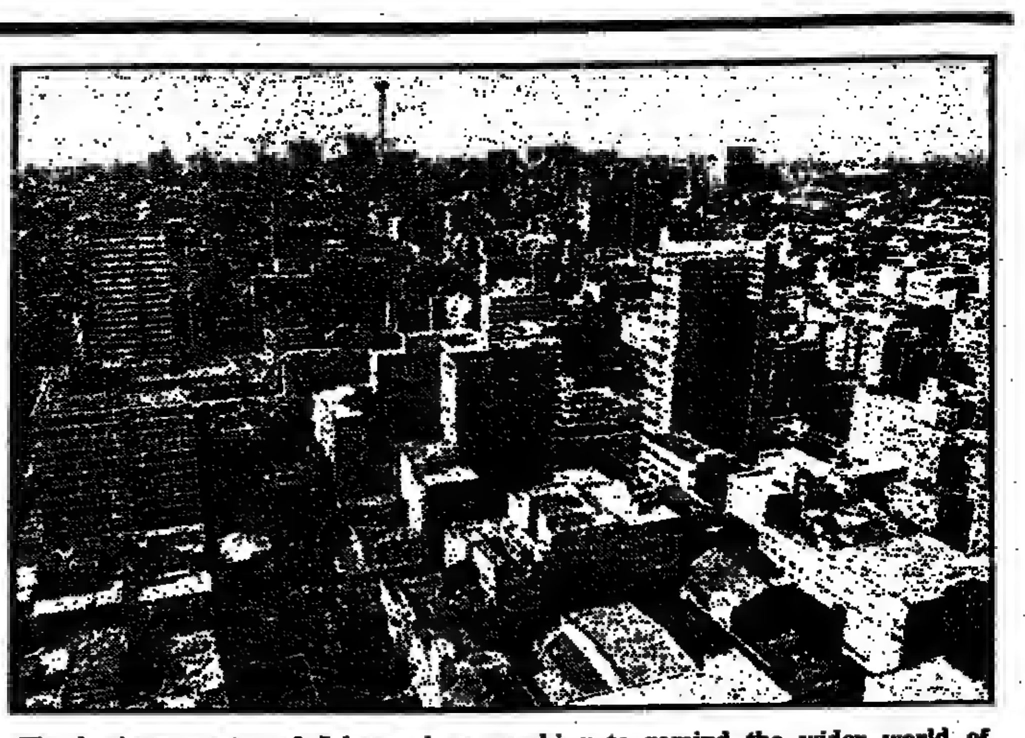
Such thinking is at present little more than a pipe-dream, albeit less unrealistic than 12 mooths ago. In the meantime the Cubans remain in Angola and Mozambique moves ever closer to total ungovernability as the marauding bands of the Mozambican National Resistance (MNR) move around the country wfth seeming impnnity and move closer to the capital Mapnto.

President Samora Machel wants to believe South Africa's protestations that it is no longer helping the MNR and does not want to see the overthrow of his government. But the optimism which accompanied the signing of the Nkomati Accord bas long since evaporated and the suspicion remains that elements close to the South African Defence Force are still supplying the rebels.

Documentary proof of continuing South African involvement was discovered wben Zimbabwean and Frelimo troops overran an MNR camp last year, implicating amongst others, Mr Louis Nel, the then deputy foreign minister who made clandestine visits to MNR commanders without the prior knowledge of bis foreign minister.

Meanwhile, the initial hostility which greeted the Commonwealth decision to send a group of eminent persons to examine tbe situation and advise on future policy towards Pretoria bas given way to a grudging acceptance that, perhaps, some form of international mediation migbt, just might, help to bring South Africa's white government and black majority to the negotiating table.

Next month it is the turn of President Reagan's recently-formed African Advisory Council. Pretoria may not like it, but the Governmant can no longer afford to ignore what its trading partners and creditors—as well as its overseas friends and enemies—say and believe.



The business centre of Johannesburg: seeking to remind the wider world of the country's economic power in Southern Africa

Volume of imports sharply reduced

Foreign Trade
ROBIN FRIEDLAND

SOUTH AFRICA'S strong performance both on visible trade and on the current account of the balance of payments owes much in the severity of the present recession, which has sharply reduced the volume of imports—the effect is reflected as mere stagnation in rand terms because of the recent sharp decline in the rand.

On the export side, the dollar gold price has declined sharply since its extravagant peak of January 1980, but at last shows signs at least of stabilising.

The category of mineral products amongst exports reflects the strong showing of coal in recent years—a strength which could now be at the beginning of a major reversal in trend as the world adjusts to much lower oil prices.

Another mineral export which is in eclipse and unlikely to recover in the foreseeable future is uranium, as there is no indication of a reversal in the current absence of demand for nuclear fuel.

The balance between agricultural exports and imports has been adversely affected by years of drought in the summer rainfall region, which have resulted in net maize imports in recent years, as opposed to the more normal picture of substantial exports. On the other hand, platinum group metals are performing strongly at present, and should continue to remain firm.

Turning to the current account of the balance of payments, there is a picture fairly typical of a developing economy, with a large deficit on services account—a situation which is not likely to change materially.

On the modest assumption of only 2.5 per cent real growth for calendar 1986 and 2.9 per cent for fiscal 1986-87, the surplus on current account is likely to be wiped out in calendar 1987. In the light of the need to export capital to meet the needs, known and anticipated, of the debt crisis, the chances of strong growth in 1987 appear remote.

Political influence must be considered, too, when evaluating prospects for industrial and agricultural exports, not to mention coal. But the gold price remains the major unknown variable.

At present, the weight of opinion around the world appears to favour the view that gold has nothing to gain from the collapse in the oil price. While it might be over-bold at this stage to argue that the oil collapse could very well lead to a banking crisis and a response of (ultimately) inflationary monetary expansion in the Western world, it would be too pessimistic to ignore this scenario entirely. The passage of at least a few more months should shed more light on this possibility.

Whereas, South Africa, as a developing country with attractive resources and entrepreneurial talent, should in the normal run of economics be a strong magnet for foreign capital, the actual situation is painfully different. The foreign debt crisis dictates that South Africa will probably remain an exporter of capital for years to come, with grave effects on the rate of growth and domestic employment prospects, in turn leading to worsening political expectations.

To break out of this vicious circle remains the biggest challenge to South Africa's policy-makers.

Foreign Trade

Values in millions of Rand

	Total imports including oil and arms	Total exports including bullion
1979	9,802.8	14,631.6
1980	14,255.7	19,802.3
1981	18,438.6	18,821.9
1982	18,373.7	19,189.3
1983	16,204.0	20,619.0
1984	21,635.5	25,330.0
1985	22,986.9	36,488.9

Source: Standard Bank

Imports

● Values in millions of Rand for 1985

Class	
Unclassified (mainly oil and arms)	4,159
Chemicals	2,371
Textiles	816
Machinery	6,485
Vehicles and transport equipment	2,408
Agricultural products	1,565
Total	22,987

Exports

● Some major categories, with values for 1985 in Rm

Class	
Unclassified (mainly bullion)	16,671
Unclassified (platinum and uranium)	2,373
Diamonds and other precious stones	2,375
Mineral products (includes coal)	4,936
Chemicals	635
Base metals	4,024
Agricultural products	1,821
Total (including bullion)	36,489

Source: Standard Bank

New super-federation formed

Trade Unions
TONY ROBINSON

DEPRIVED OF political rights by apartheid, South Afri..'s black labour force has grasped with both hands the opportunities for economic advancement, workplace dignity and political pressure afforded by the recognition five years ago of black trade union rights.

The signs are that 1986 w' be the year in which the black trade unions, increasingly self-confident and organised, will move to the forefront of the struggle for black political and social emancipation.

The most significant new development on the trade union front has been the formation of a new super-federation, the Congress of South African Trade Unions (Cosatu). Launched at a mass rally in Durban at the start of December, Cosatu brings together 34 unions with 450,000 paid-up members and is the fruit of four years' difficult negotiations.

The super-federation was warmly welcomed by the African National Congress (ANC) leadership in exile, which urged it to continue negotiations with the two black consciousness-inspired union federations which remain outside the Cosatu umbrella. These are the Council of Unions of South Africa (Cusa) and the Azanian Council of Trade Unions (Azactu).

In February the two non-Cosatu federations met in Johannesburg to discuss a possible amalgamation, which implies that the black trade union movement will continue to be divided politically on lines that reflect the older split between the ANC and the Pan-African Congress (PAC).

Meanwhile, the creation of Cosatu has not been well received by the Inkatha movement led by Chief Mangosuthu Gatsha Buthelezi, who clearly sees Cosatu as a potentially powerful instrument for spreading ANC ideas and influences. In February a new union called the United Workers Union of South Africa (Uwusa) was set up with its headquarters in Empangeni, Kwazulu, with the aim of attracting Zulu workers in particular away from Cosatu.

Uwusa has been contemptuously dismissed as a "sweetheart union" by Cosatu. Meanwhile, the close links between Cosatu and the ANC were underlined early in March when a Cosatu delegation, which included Mr Jay Naidoo, Cosatu's secretary general, and Mr Cyril Ramaphosa, general secretary of the National Union of Mineworkers (NUM), flew to Lusaka for talks with a top-level ANC delegation headed by President Oliver Tambo and senior officials from both the political and military wings of the movement.

Union muscle

The ANC's interest in Cosatu reflects its importance as an unprecedented concentration of union muscle.

At the heart of the new federation is the NUM. Mr Ramaphosa, who is 33, played a key behind-the-scenes role in forging the new alliance. In its three-year existence the NUM has achieved a paid up membership of 180,000 but claims 250,000 signed up, roughly half the 500,000 black labour force in the country's most important industry.

The strength of the NUM is not only a tribute to the organisational skills of Mr Ramaphosa, a lawyer by training, but also of the fact that the mining industry has stood out like a beacon of profitability and strength in an economy otherwise badly hit by the steepest recession since the war. While most other industries have suffered foreign exchange losses, steep profit declines and rising retrenchments, the mining industry has continued to invest, sink new mines and recruit and train more workers.

It is against this fortunate background that the NUM has been able to recruit new members, create an organisational structure at an increasing number of mines, and extract pay rises and improved working conditions which have outstripped inflation and given union members a tangible sense of power.

That power will be tested again later this year when the NUM sits down for its annual bargaining session with the Chamber of Mines, which negotiates pay and conditions on behalf of the six major mining houses. Last year the negotiations led to a split in the formerly monolithic facade of the mining houses when Gencor, the Afrikaner mining house, Gold Fields of South Africa and Anglo-Vaal balked at paying the revised offer made by Rand Mines, JCI and Anglo-American, the largest mining house which has been most sympathetic to the new union.

At its annual congress in Soweto, in February, the NUM decided that this time it would insist on all the mining houses coming up with the same offer. It has also made clear that it will take strike action if the Government does not step in, as promised, to ensure the scrapping of the last remnants of racial job discrimination in the mines.

What is more, the Congress decided to single out Gencor as "an enemy company," both for its hardline during the strike at Marievale and other mines last September and for the mass sacking of 23,000 men from the group's Impala platinum mines in Bophuthatswana in January.

The dismissals at Impala, followed by the sacking of several hundred miners at the Randfontein Estates gold mine on the West Rand at the end of January, reflected the growing militancy in the mines that helped to make the first few months of 1986 the most strike-prone in years. More than 185,000 man-days were lost in the first six weeks alone.

While the miners have demonstrated their willingness to risk dismissal, which in many cases means enforced return to the homelands or neighbouring states for the mainly migrant labour force, workers in other, less favoured industries, have also shown surprising militancy in the face of adverse economic conditions and large-scale lay-offs.

Exodus

Employment in the motor industry, for example, has fallen sharply from a 1982 peak of 50,282 to only 33,346 at the end of December as the result of the exodus of foreign companies like Peugeot, Renault and Alfa Romeo, and enforced rationalisation amongst the remainder.

Yet the car industry, centred on economically-depressed Port Elizabeth, Durban and the Pretoria area, has been plagued by a rash of strikes which have also affected the chemical, food, engineering and other foreign-owned subsidiaries like BTR Sarmcol, which sacked its entire black workforce last May and has faced international and local union pressure for re-instatement ever since.

Despite strikes, however, average wage increases last year, at 10.8 per cent, were way below the year-end inflation rate of 16.8 per cent, and are expected to fall even further behind this year in the face of inflation, currently above 20 per cent.

But in this year of emotive anniversaries, like that in June of the Soweto rising 10 years ago, and of increasing militancy, the signs point to growing labour conflict, both over workplace and pay issues and in support of symbolic gains — like securing May 1 (International Labour Day), as a public holiday — to be traded if needed against existing "white" holidays such as Republic Day and Kruger Day.

Meanwhile, significant changes are taking place in the white trade unions where, for example, the mineworkers' union (MWU), headed by Mr Arrie Paulus, is still fighting a last-ditch battle against the last racial job restrictions on the mines. He is busy gathering members from outside the mining industry, where skilled jobs are passing increasingly into the hands of black workers.

The recession, which has led to major lay-offs in wide swathes of South African industry, has also badly affected white artisans and led to a re-emergence of "poor whites," unemployed and embittered.

Hitherto, thousands have found sheltered employment in the great Afrikaner-dominated bureaucracies and para-statals like the railways and the post office. But these, too, have been shedding labour, while the Government has sought to keep pay rises below the rate of inflation.

As a result, the national party has lost votes to the Conservative Party and the Herstigte Nasionale Party (HNP) to its right. This is reflected in growing support for right-wing elements in the white trade unions, resentful at what they see as erosion of pay differentials and growing competition for skilled and semi-skilled jobs from increasingly self-assertive and well organised black workers.

As South Africa moves away from the politics of colour and seeks to re-organise the economy on market principles, the class divisions in society look like becoming more prominent. The growth of trade unions is part of this process.

Social and economic change has undermined the ideological basis of apartheid. **Anthony Robinson** looks at two key areas, education and housing, where change is and must take place if the abolition of apartheid is to have real effect on people's lives.

The big test for reform

SLOGANS ASIDE, the real test of white South Africa's commitment to reform is the way in which it tackles the immense task of raising black educational standards and provides the resources for blacks to uplift themselves. Last year, for the first time, the country spent more on education than defence.

This year's budget continues the trend of rapidly rising expenditure on black education, giving substance to President P. W. Botha's pledge at the opening of Parliament to work towards equal educational opportunities for all racial groups.

Figures indicate that seven times more is spent on the ednsation of a white child than a black child in South Africa.

The commitment reflects awareness that South Africa will only achieve its potential if it fully utilises the talents and skills of all its peoples and that the limited pool of talent and skill available in the white minority is simply insufficient to supply the needs of a modern, industrial society.

The gap between the present inequalities and the future goal is so wide, however, that education is a minefield of frustrations and conflict.

Over the past two years, thousands of schoolchildren have been involved in school boycotts in protest against what is called, in township slang, "gutter education." Many have been the shock troops of that wider political and social unrest which has cost over 1,200 lives and countless injuries.

After weeks of negotiations, the boycotts were called off and most schools returned to an uneasy normality on January 28. But the Soweto parents crisis committee (SPCC) and other organisations which negotiated the return to school with the education authorities have warned that the boycotts will resume unless the government accedes to a series of essentially political demands.

Attitudes

Two of these demands, an end to the state of emergency and the release of (most) detainees, have been satisfied. Others, like the removal of the army and police from the townships, are dependent upon the evolution of the security situation. Meanwhile, Dr Gerrit Viljoen, the Minister of Co-operation and Development, and his deputy, Dr Sam de Beer, have done their best to create a climate for educational continuity by providing funds for school text books and stationery, flexibility over exam timetables, acceptance of student representative councils and a general willingness to concede and negotiate over genuine grievances.

After months of disruption there is also a tangible change in attitude among many black students, particularly the brighter ones who resent being held back and intimidated by older semi-dropouts calling themselves "comrodes" who bove filled the vacuum created by the banning of the Congress

Education

of SA Students (Cosas).

Soweto High School students, milling around school when classes resumed in January, said that most rejected the "liberation first — education later" slogans of student radicals. They accepted the arguments of community leaders such as Bishop Desmond Tutu and Dr Ntato Motlana that "education and liberation go hand in hand" and that blacks must prepare themselves for government, the professions and skilled jobs.

Despite the Government's commitment to equal opportunity as a long-term goal, however, this does not mean the end of racially separate education. This was made crystal clear by Mr F. W. de Klerk, the Minister for National (meaning white) Education, who is also head of the recently formed Department of Education and Training (DET) whose function is to supervise and devise common standards for the entire education field.

When asked by foreign correspondents whether the Government's commitment to equal education meant an eventual unitary, multi-racial education system, he replied categorically: "Not while this Government remains in power."

The inevitable question therefore remains. Is it possible for multi-racial South Africa to create a genuinely non-racial and egalitarian society whilst the white minority retains the principal levers of political power and whilst each of the principal racial groups and each of the ten "homelands" has its own education department?

The conventional wisdom among most blacks and many of South Africa's foreign and domestic critics say "no." Racially separate education has in the past (and will in the future) mean unequal education and a barrier to the creation of a shared sense of South African citizenship, they say.

It is an answer predicated on the calamitous record of two decades np to the early 1970s when successive governments, firmly committed to apartheid, took over black education from the mission schools, froze spending on black education and decreed, in effect, that blacks would never be educated beyond the status of hewers of wood and drawers of water for whites.

The Soweto rising, of June 1976 sparked off by a mass student protest against the introduction of Afrikaans as a language of instruction in certain subjects, signalled the end of that kind of thinking, among policy-makers at least. Since then, spending on black education has increased by leaps and bounds.

Indicators

In tha five years 1980-84, spending on black education rose from R326m to R911m. Despite the rapid growth in the black scool population the surge in spending permitted the doubling of per capita expenditure per child. Over tha past decade the black school population in South Africa including the homelands has risen by 5.2 per cent annually from 3.5m in 1974 to 5.55m in 1984. By the end of this decade the black school population will exceed 7 million.

Yet, one of the best indicators of higher standards—the pupil-teacher ratio—has improved from 1:42 to 1:38 over the past four years. Despite the continuing unrest, which has slowed down the building programme in some areas, over 3,000 new classrooms were added in 1985 alone.

The worst legacy of South Africa's two "lost decades" is the shortage of trained teachers and it is this factor, rather than shortage of physical accommodation, which is the main bottleneck.

As such, it is also the main target for upgrading of skilla and qualifications. In 1983 only 3.6 of the 89,000 black teachers held a degree or matriculation certificate—and tha problem is compounded by the strong competition for such qualified personnel from business and other sectors anxious to employ blacks in managerial and executive positions. Over 52 per cent of all black teachers were basically unqualified and below matriculation standard.

It is figures like these which give substance to black anger at "bantu" or, as it is now more graphically called in the townships "gutter education." The prevalence of large classes taught by untrained teachers remains a powerful source of grievance-compounded by allegations of sexual harrassment, excessive corporal punishment and other abuses which have contributed to the anger and radicalisation of black youth and the demands by parents and pupils for democratically elected Student Representative Councils (SRC's) to have a supervisory role in school affairs.

What is most disturbing is that an estimated 74 per cent of black school children leave the education system before reaching high school and most of these are functionally illiterate—especially in the Afrikaans or English needed to obtain any kind of skilled job.

Clearly the promise of equal education has to be taken as a long-term statement of intent—not an immediately realisable goal.

Yet the fact is that even with the 27.8 per cent increase on black education earmarked in last year's budget, total spending on black education this year of R1.17bn is still only one-sixth of the R6.08bn allocated to education as a whole.

Seven times more is spent on the education of a white child than a black child—a figure which reflects not only the historical backlog but also the high proportion of untrained teachers earning lower salaries and the fact that 83 per cent of black educatio nis at the cheaper primary level as against 50 per cent for whites.

With the major drive to upgrade black teachers and expand secondary education the gap is expected to narrowly sharply in the years ahead. This will impose an economic burden which will increasingly hove to be shared by industry and business —including foreign business for whom black education and training represents a practical alternative to disinvestment.

System of bizarre anomalies

The Homelands

ANTHONY ROBINSON

IF APARTHEID were abolished tomorrow its physical legacy on the ground—ten homelands and a patchwork of segregated black and coloured townships and white and Indian suburbs—would still continue to affect the nature of most peoples' lives for decades to come.

The ideology of apartheid has created its own reality—although increasingly the purity of the idea as conceived by men like Hendrik Verwoerd has been swomped by an even more powerful demographic explosion and the willingness of millions of people to defy the laws in their fight for survival, dignity and advancement.

Thus, oround 12m blacks now live in the four "independent" and six non-independent homelands, but as many live in "white" South Africa, half of them illegally.

The system is full of bizarre anomalies. In theory, each homeland is ethnically homogeneous, and supposed to be economically — as well as socially and politically—viable.

Some homelands, like Kwazulu in Natal, for example, are fairly homogeneous tribally, but so fragmented into dozens of tiny patches as to make effective administration a joke.

At least the nearly 7m Zulus have only one homeland, however.

But this is not so for the almost as numerous (and to the whites, historically more troublesome) Xhosas to the south of Durban. They have two homelands, the Transkei and Ciskei divided by a narrow corridor of white-owned land around King Williams Town.

More recently the theory that homelands are designed to bring people of the same tribal background, language and traditions together took a serious knock when, for reasons of administrative convenience the Ministry of Constitutional Development and Co-operation (Bantu affairs) decided to incorporate 120,000 Sotho-speaking Pedi tribe people, who lived for generations in tha Moutse area, north-east of Pretoria, into Kwa Ndebele, the shortly to be proclaimed fifth "independent" homeland.

More than 20 people lost their lives at the beginning of the year when Montse's incorporation took place and people from various ethnic groups who lived together peacefully for years have since been at each others' throats. It is a sign that the old bureaucratic arrogance and belief that large-scale social engineering (under which over 3m blacks have baen uprooted and transported to "homelands") is still alive and well in part of the Afrikaner bureaucracy.

"Stooges"

That is the bad news. Can anything be said in the defence of homelands? One view is that the homelands, for all their defects, do represent tha first significant devolution of power to blacks. Despite the contemptuous dismissal of homeland leaders by the ANC and others as "stooges of Pretoria," the fact is that men like Chief Mangosuthu Gatsha Buthelezi of Kwazulu, or Lucas Mangope of Bophuthatswana (the highly-fragmented but mineral-rich Tswana homeland) do possess considerable political powers and administrative authority and cannot be totally manipulated by Pretoria.

The refusal of Chief Buthelezi to accept "independence" for Kwazulu, for example, deeply frustrated Pretoria whose original strategy was to take South African citizenship away from all blacks and make them all citizens of homelands.

South Africa would then have been a white man's country—in which large, but controllad numbers of "foreign" blacks lived under strict supervision and control as immigrant labour even though, in practice, many had never even seen the homeland of which they were citizens).

This "Alice through the Looking Glass" country is now seen—reluctantly by many—to have been an impossible dream, although a dream still believed in by the right-wing Conservative Party, the even further right Herstigte Nasionale Party and others.

Now it seems the homelands are perceived as building blocks for a new federal South Africa whose exact outlines still have to be revealed. The forerunner could well be Kwa-Natal, an ethnically mixed regional government in which Zulus from what is presently Kwa-Zulu, and whites and Indians would sit down together in a new regional government which would administer the province as a whole.

Meanwhile, official government policy, however, has done a 180 degree turn on the future and status of urban blacks.

The start of the manoeuvre was the formal recognition last year of the permanence of millions of urban blacks in white South Africa and the need to give them some form of political representation "up to the highest level."

Then, last September, came the announcement by President Botha that South Africa citizenship waa to be restored to all South Africans—including those deprived of it when they became citizens of the homelands. Now such people are to have dual citizenship. Stripped to essentials, however, blacks remain second class citizens and will remain so whila deprived of the vote, and while discriminated against in other ways, like, for example, by the Pass Lawa.

Under existing influx control and associated Pass Laws, all blacks over 16, but no other raciol group, are required to carry a sort of internal passport, or passbook, presentable to the police or others in authority on demand. This dictates where a person may live and work.

The hated "dompass" is the symbol of aporthelc for millions of blacks. Every year for dacades over a quarter of o million blacks bave been arrested, fined, imprisoned and forcibly sent back to their homelands for not having a suitably endorsed passbook with "Section Ten" living and working rights.

"Self-help" and "sweat capital" are the new buzz-words of the urban development strategists, both in the ministries and in the Urban Foundation. The latter is the private sector-funded housing agency set up after the Soweto rising to lobby for black housing development and the social and economic upliftment to be derived therefrom.

For a decade now the foundation, headed by Dr Jan Steyn, a former Supreme Court judge, has poured forth a series of ideas and proposals on how to upgrade black housing, introduce new cheap housing techniques and change the legal and financial structure which hitherto has deprived blacks of the advantages of home-ownership.

Proposals

South Africa suffers from a shortage of at least 400,000 homas for blacks, fruit of the Government's refusal to do anything which would encourage more blacks to come and stay in urban areas of white South Africa. Taken together, the abolition of passes, restoration of citizenship, granting of leasehold and freehold rights and abolition of restrictions to black business are all designed to bring more and more blacks into the cash economy. The aim is to give them a tangible stake in their communities and a chance to devote their energies to self-imnrovement and upliftment—both economic, social, educational—and political.

In other words, the Government has at last realisad that the main long-term hope of combatting radical, Marxist ideas now gaining ground, is to create the basis for a "property-owning democracy"

A pool of cheap labour

Larry Klinger reports from Onverwacht, a vast settlement of mud huts and tin shanties, a so-called 'place of refuge' near Bloemfontein.

"YOU'D BETTER come to my place in Thaba Nchu," said the man taking me into Onverwacht, a so-called Closer Settlement for Surplus People, near Bloemfontein.

"It's better than meeting there. Your taxi driver is bound to be white and feel it's dangerous. Or at least think he must get an official permit to get in."

On arrival, my guide's caution seemed ill-judged. Turning off the main road to Bloemfontein—the regional service centre for the sweeping Orange Free State farmlands, an hour's flight south from Johannesburg—the first sight of Onverwacht was nothing more dramatic than neat rows of brick bungalows and a modern industrial estate.

But then the road dipped, and a vast settlement of mud huts and tin shanties, housing officially 250,000 blacks, but by local estimates half again as many, came into view. Onverwacht in Afrikaans means "unexpected."

To the whites of Bloemfontein, it is a readily accessible pool of cheap labour, a reasonably safe distance of 35 miles. To the surrounding Free State farmers, Onverwacht has meant a place for workers and their dependants made redundant by new machinery. They no longer represent a cost in terms of housing and food. Those who were simply hangers-on, or trouble-makers, or even potential terrorists, now live in a defined area guarded by loyal security forces.

Onverwacht has been renamed Botshabelo, which in Sotho means "place of refuge." But the original name, taken from the first farm bought by the Government seven years ago to establish the settlement, sticks.

To the original 30,000 inhabitants it was a place of refuge. They were mostly Sotho squatters in nearby Thaba Nchu, jubilant at being saved by the South African Government from constant, violent and sometimes deadly harassment by the Tswana majority in the Bophuthatswana homeland town.

Onverwacht has not arisen through forced removals. Its numbers have been swollen by volunteers, mainly those fleeing the farms, seeking a place which they can call their own, however meagre, and hoping to find more lucrative work in Bloemfontein.

The Government has also made some effort. It has built a couple of thousand brick homes, installed supermarkets, clinics and provided schools. It has provided sufficient water, though many must trek half a mile to it. The authorities are also extending the electricity system.

Nevertheless, Onverwacht remains very much a shanty town. It is full of cramped tin shacks, whose denizens suffer from poverty, high infant mortality, malnutrition and boredom. Unemployment continues to rise and, according to a confidential report by a development organisation, is approaching 38 per cent.

"On must never forget," said a black community worker, "that Onverwacht is a creation of the system. Moving here was not a choice between two beautiful apples. You can't say in South Africa that you'll live here, or you'll live there. For most people in this settlement, if they left or were forced off a farm, Onverwacht was the only place to go. Still, many here are happier than before. Having your own home makes a big difference, even if it is sitting on land owned by a Government you can't trust."

Community workers privy to the thoughts of Onverwacht's students note a growing radicalism, similar to that which has rocked South Africa's black townships over the past couple of years.

Onverwacht remains a basically conservative community, however, and the white authorities, stationed on the perimeter show a restraint uncharacteristic in much of South Africa. As school boycotts raged across the country, only one day saw any serious trouble. Rallies were generally peaceful, and directed at obtaining improvements in educational facilities, rather than political.

"The children here want education. There's no doubt about that," says a local black cleric. "But politicization has begun and is real."

The young, he said, listened to the radio and increasingly met outsiders who explained what was happening elsewhere. They realised that, where there had been trouble and publicly, improvements had been made—in Soweto, for instance. Onverwacht's youth would now be looking at Alexandra, another Johannesburg black community, noted for its squalor, where the country's latest serious outbreak of unrest had occurred.

The problem, he said, was typical of much of South Africa. Nearly 20,000 people bussed to daily to work in affluent Bloemfontein, mostly as manual labourers and domestic servants. A maid might leave as early as at 4 am and return at six, seven, or even 10 pm. She would clean and scrub a luxurious home in a leafy suburb, for about R 60 a month, half of which would go on bus fares if she received no subsidy from her employer. "The young," says the cleric, "unlike their parents, are not going to be bought off with a mud hut or tin shanty."

Where home is a mud hut with a tin roof

NATHAN MODISE arrived in Onverwacht with his wife Rosalia in 1982 by truck travelling 200 miles with their 14 children and grandchildren. He was a tractor driver until an accident in which his tractor rolled over him.

Nathan, who is 64 — his real name and those of his family are different—had worked on the farm for 22 years and says he was told by his boss that, despite the accident, he would have to work just as hard or else leave.

Asked if he had ever wanted to return to the farm, he said through an interpreter: "Never. It was as if I was a prisoner or a slave. There was better food, a better home, but I never wanted to go back."

The Modises' home is typical of the thousands that surround it: a tin-roofed mud hut reached by a bumpy dirt road riven by gulches, some filled with rainwater. It consists of a single room, about 12 ft square, each wall covered by a single piece of furniture. An unsprung divan dips precariously low when used. A cupboard has drawers, presumably containing clothes and linen. Behind the broken windows of a Welsh dresser sit metal bowls and cutlery and, prominently displayed, three blue-and-white china plates.

Against the fourth wall is propped a altered mattress which takes up all the available space when lowered to the bare earthen floor for the night. All is neat and tidy and scrupulously clean.

Three of the Modises' grandchildren were in the room. Two boys, aged four and two, sat on the floor with their lunch of tea-soaked bread in metal bowls. A nine-month-old girl was asleep on a cushion covered by a tea towel.

Nathan and Rosalia, who is 59, both looked robust and spoke openly with good nature. They are supported by two sons who are lucky enough to have jobs in the mines. The Modises rise with the sun and retire soon after sunset, which gives them about seven or eight hours sleep.

Nathan does volunteer work at a local church, acting as part-time caretaker, helping with services and visiting parishoners to discuss their problems. Rosalia, in addition do housework, washes most of the children, tends the small vegetable garden behind the hut. When money is available, she buys apples and peanuts from the distant supermarket to sell to passers-by outside her homes. Her main task this season was to replaster an outside wall cracked by the summer heat.

Nathan says they have few complaints, and emphasises that the authorities are giving priority to providing as many homes as soon as possible with pre-fab toilets. There should be more and better houses, with good contractors building affordable homes, he says.

For him, the future was bright, though the settlement's youth might see things differently.

"They no longer respect the old traditions," he says. "They no longer come under our guidance, and they tell us we are out of date."

South Africa 4

White tribes divided

The reforms debate

JOHN STEWART

BEHIND THE steely interface of black and white in South Africa, the opposing forces are intensifying their conflict. The lifting of the state of emergency has not reduced the killing rate in the black townships and elsewhere and if the wave of detentions has temporarily ebbed, it has been superseded by a spate of banning orders on civic leaders. To all this, an enduring economic squeeze has added a dangerous edge.

Life in violent equilibrium has generated extraordinary tension among whites. Divisions have never been more pronounced. Nationalist Afrikanerdom, at its emotional extremes, is torn between its innate instinct to respond to danger and dissent by means of reactionary repression and a growing sense of guilt and shame at what apartheid has wrought, which carries with it a genuine desire to change the profile of the country.

To the right of this last group of Afrikaners is an influential bloc of pragmatists, comprising business and professional people and the majority of elected representatives of the National Party (NP) who can loosely be identified with President P. W. Botha's "reform initiatives," for want of a better word.

Even this more or less moderate grouping is torn between a desire to build a united, non-tribal centrist movement with conservative liberals in the Progressive Federal Party (sans former leader Frederik Van Zyl Slabbert and Alex Boraine) and the new Republic Party, on the one hand, and a smaller group who fear that such a coalition would erode Afrikaner hegemony.

It is the influence of the latter group which prompted Mr P. W. Botha to issue a rude repudiation of Mr Pik Botha, his Foreign Minister, when he acknowledged, in a thoughtful carefully-worded reply to a foreign correspondent's question that current NP policy could produce a set of circumstances resulting in a black becoming State President.

This "wet" pronouncement unleashed a flood of reactionary response from other members of the Cabinet and restored the standing of the Transvaal leader of the NP, Mr F. W. de Klerk, Home Affairs Minister.

But is is to the extreme left and the extreme right of these somewhat directionless groupings that real movement can be perceived.

On the Afrikaner left, the growth of radical opposition to apartheid, and impatience at the rate which the NP establishment is putting it to death, is nothing short of astonishing. The extent of such dissent should not be under-estimated for it is even beginning to dominate Afrikaans literature—always a reliable indicator of change in the mood of the volk.

Preoccupation with apartheid and the conflict that it generates both in the black townships at home and in the Angola-Namibia bush, has resulted in a new literary genre called *grensliteratuur*, or border literature. The authors are invariably young Afrikaner military conscripts whose national service on the Namibia/Angola border or "pacification" duties on township patrols in South Africa itself seems to have produced deeply disturbing feelings of guilt, anger and doubt about what they have been called upon to do in the name of duty to country, law and order and the "total strategy" against the "total onslaught."

Viewpoint

Such literature explores the psychological borders between black and white and invariably concludes that the black figure facing the white gun is more than a "terrorist"—he is a human being with justice and history on his side. It is the kind of literature that Hitler would doubtless have burnt.

Herman Giliomee, professor of political studies at the University of Cape Town notes in his excellent quarterly journal, Die Suid-Afrikaan, that it is not only the coloured NG Kerk Mission Church that has declared apartheid a heresy. That is now being admitted by theologians of the NG Kerk seminary at the University of Stellenbosch and by clerics in the field.

He notes, too, that among some Afrikaner youth there is a profound sense of guilt about the Afrikaners' apartheid creation." In some young Afrikaners, feelings of guilt run so deep that they equate their apartheid past with the psychological burden that many Germans bore about Nazism. Others blame Afrikaner leaders of the past.

Dr Hendrik Verwoerd, during whose administration apartheid was consolidated, is denounced as a kind of intellectual Hitler who overwhelmed Afrikaners with his ideological constructions.

This, of course, is not enough to destroy apartheid. The past, says Giliomee, can only be overcome by understanding it.

What is or was apartheid? It means different things to different people. A Stellenbosch academic remembers the time, in the early fifties, when the answer would have been: "The nearest Hotnot (coloured) behind the furthest hill." Hence the Group Areas Act.

In 1948, in a severe lapse of concentration, the ruling United Party of General Christian Smuts lost the general election to Dr DF Malan's National Party—by five seats, including Smuts's own. Malan declared: "At last the Afrikaner can feel at home in his own country."

Even as he spoke, party officials were laying plans to perpetuate the NP's parliamentary majority. To most Afrikaners the 1939-1945 "war administration," formed under General Smuts when he broke with the NP's General Hertzog over South Africa's participation in the war, was oppressive and discriminatory. They resented Smuts's "imperialism" and his "British jingoism." They believed that, given the opportunity, Smuts would mobilise anti-Afrikaner support of coloureds, Indians and blacks by extending their political rights and so consign nationalist Afrikanerdom to eternal opposition.

An Act conferring limited parliamentary representation on Indians had already been passed but not promulgated. A huge reservoir of coloured voters on the common voters' roll in Cape Province was building up. So, too, were pressures to increase the number of (three) white MPs representing Cape blacks, a compromise struck in 1936 by Hertzog and Smuts.

Thus, apartheid became a survival strategy. The first objective was to remove coloureds from the common roll. In 1949 it became a vital priority when in the provincial elections of that year the coloureds vote delivered the constituencies of Pearl and Bredasdorp to the United Party. Within four years, just ahead of the next general election, coloureds were removed from the common roll and the United Party cut off from its feedstock of power. Smuts died in 1950 and the United Party withered.

Thus, a policy of disenfranchisement and separation was born out of a belief that power-sharing with non-whites was inimical to the interests of national Afrikaners.

When Malan passed on and the NP leadership (which automatically carriers with it the prime ministership) passed to a succession of hardline Transvaal nationalists — Strydom, Verwoerd and Vorster—apartheid began to feed on itself. It seemed perfectly logical to extend constitutional separation to separate residences, social amenities, job rights, education, health and so on, because, in a flash of inspiration, Dr Verwoerd had hit upon the idea that non-whites could have all these things in their own areas and, for blacks, in their own homelands.

The rest is history, but not for growing numbers of radical rightwing whites. Nostalgia for the administrations of Strydom and Verwoerd and a belief that the Botha administration is pursuing policies that are tantamount to capitulation (heightened by increasing black nationalist violence and insurgence) have driven groupings like Andries Treurnicht's Conservative Party, Jaap Marais's Herstigte Nasionale Party and Eugene Terre Blanche Afrikaner Weerstandsbeweging closer together.

If they succeed in reconciling differences of policy and tactics they could well become a force to be reckoned with, capable, in the view of some analysts, of winning 25 per cent to 33 per cent of the 165 elected seats in the white House of Assembly if an election were to be held now.

Trade sanctions and disinvestment intensified

THE INTERNATIONAL campaign to use trade sanctions and disinvestment as a means of expressing moral disapproval of apartheid and force the Government into reforming its ways and embark on real power-sharing with blacks reached a new pitch of intensity over the last year.

In the process it shook white self-confidence severely, intensified the determination of the business sector to seek a new role as mid-wife of reform and sparked off a fierce internal debate—not least among blacks.

The argument that blacks have already suffered so much under apartheid that they are prepared to face the risk of losing their jobs and suffer further hardship if disinvestment will speed the abolition of an oppressive system, is shared widely among supporters of the African National Congress, the United Democratic Front and a substantial sector of the black trade union movement.

Others, notably Chief Buthelezi, the Chief Minister of Kwazulu, see foreign companies and their adherence to the various Sullivan or EEC codes of conduct as powerful instruments of reform at the work place and argue that more rather than less foreign investment is required to achieve the kind of economic growth needed to finance real reform.

More heat, than light, has been generated by the disinvestment campaign. But the latest Reserve Bank Bulletin gives a clear indication of just how much capital has flowed out of the country.

According to the Bulletin more than R10bn left the country last year. This swallowed up the entire R7bn surplus on the current account of the balance of payments and another R3bn from reserves, putting unprecedented pressure on the rand and creating a severe liquidity crisis.

The figure would have been even greater had the authorities not closed the Johannesburg Stock Exchange for a week at the end of last August, and only re-opened it after imposing a unilateral capital repayment moratorium on $14bn on the total $24bn foreign debt and reintroducing the two-tier rand system.

The fact that since then the financial rand has shown a 20 to 30 per cent discount against the commercial rand is convincing proof that foreign owners remain net sellers of South African stocks and shares—despite the penalty they have to pay through the dual rand system for their disinvestment.

In total, the monetary authorities expect to repay just over $2bn this year, $500m to the banks and another $1.6bn of the original $10.3bn worth of debt excluded from the standstill.

Both debt repayment and disinvestment are the product of the impact of public opinion in the home country on banking institutions, pension and investment fund managers, boards of directors and shareholders.

The net effect is also the same. Both oblige the South African Government to run the economy at a slower rate of economic growth in order to generate a payments surplus to finance both the capital outflow and debt repayment.

Financial disinvestment, including forced debt repayment, has undoubtedly had a more instantaneous and dramatic effect—on the rand and on perceptions—than the slower process of physical disinvestment.

But, over the last 18 months or so, the list of foreign companies who have either sold their physical plant and assets in South Africa or diluted their shareholding has lengthened.

Much attention has focused on US companies, which like the US banks, have been most exposed to the impact of domestic anti-South African, anti-apartheid sentiment, although American investment is little more than 10 per cent of the estimated $25bn of total foreign investment in the country.

US banks, spearheaded by Chase Manhattan, led the rush for the South African exit last July by refusing to roll over their loans.

When all is said and done, the Governments failure to manage the economy better appears to have done as much to dissuade foreign investment as the lack of a long-term political perspective caused by the slow pace of reform and accumulating black anger and frustration.

South Africa with its natural resources, relatively skilled labour force, sophisticated capital market and infrastructure remains the most powerful economy in Africa. But its vulnerability to the disinvestment campaign indicates the urgent need for political change which re-creates the conditions for foreign investment to flow back in.

ANTHONY ROBINSON

Frontier life with a gun

Transvaal farming

LARRY KLINGER

MR JOHAN DE VILLIERS, frontier farmer extraordinaire, stopped his air-conditioned Mercedes beside the Limpopo river security fence that runs the 200 kilometres along South Africa's remote border with Zimbabwe. It was the spot where, on November 26, his son Harry became the first victim of the landmines planted in the area by the banned African National Congress (ANC).

In the blast, the side panels of Harry's Toyota delivery van wer wrapped forward like large steel petals, encasing Harry, who nevertheless escaped with only very minor injuries. His dog was shredded by splinters from the case Cokes he was standing on in the back of the vehicle, the mine had been detonated by a rear wheel.

Since this incident, 10 people have been killed.

As we pulled away from the site, a stone richocheted loudly off the Mercedes' undercarriage. Mr De Villiers would not have noticed, had it not been for the spasm of nerves that lifted me about an inch from the seat. Mr De Villiers smiled and drove on.

"We think that only a small band of the ANC crossed the river," he says, "and we know their type of mine is packed in sixes. The 12th went off a couple of weeks ago, so we are breathing a bit easier. If another one does go off though, then we'll know there are five more."

Mr De Villiers, now 48, and known among the 35-member Dongola Farmers' Association which he heads as something of a philosopher-intellectual, started farming in 1976 after "dropping out of the rat race of quantity surveying." He bought his 1,000 hectare farm (of which about 90 are producing sweet-corn through irrigation) for R75,000, which then was roughly equivalent to the same amount in dollars.

He started by growing tomatoes by following instructions from a book but was an immediate success because, he says, of his accumulated business expertise and ability to plan.

Planning for the future is a recurring theme for Mr De Villiers, who is writing a book on how to help solve the problems of African agriculture.

Mr De Villiers explained his theories in detail over tea, served by black maids on the shaded brick terrace of his beautiful six-bedroomed home, which lies near the Botswana as well as the Zimbabwe border, about 70 kilometres west of the struggling copper-mining town of Messina and about 250 kilometres north of the nearest town of substance, Pietersburg.

The view from the terrace was across well-tended lawns dotted with flowering tropical plants to the deeper green fields of sweet-corn stalks alight with sparkling water splays. These fields, in turn, spread to the distant tall trees on the banks of the Limpopo.

Mr De Villiers believes that the basic problems of South African agriculture could be solved if only the Europeans here would overcome their imported tendency to plan for only a single season and concentrate on long-range policies to cope with the African drought cycle, which he believes has been proved to run approximately every 18 years.

Setback

The South African government, he says, has in part realised the problem when it recently allowed the frontier farm to spread income tax payments over five years to iron out periods of low revenue, due to bad weather. But this measure alone was not enough: witness the cattle farmers who had to leave the region during the current drought.

Not only is this a setback to the Government's desire to keep the frontier populated, for which handsome subsidies had been paid, but it is counter to its longer-term strategy of promoting decentralisation through the growth of regional centres, such as Messina.

On the other hand, the native African has, in the past, been able to survive the drought cycle by remaining migratory, continually mobile, never tying down his assets. This is no longer possible in the modern world; yet, because of this history, running back possibly 40,000 years, the African "still has not developed the ability to plan for the future and still lives basically day-to-day," he believes.

It was this that continued to set the European and African apart, in a sense a minor thing compared to the basic human fundamentals which all share such as fear, love and the desire to live a reasonable life. But, if this crucial difference was fully realised by all sides, much of the conflict in South Africa might be ended, he believes.

"We, on the farm have the best labour relations in the world," he adds. It is fully agreed by himself and all his 150 black staff, that while he has the skills to plan a thriving business, his workers possessed the necessary day-to-day skill to plant, tend, harvest and pack the crop, which last year grossed R1m.

Mr De Villiers is a suave, widely-travelled man, full of charm and quite unlike in demeanor from some of his automatic-rifle-bearing fellow farmers who seem to revel in tough publicity and who believe, according to Mr De Villiers, that a possible solution to South Africa's turmoil would be "to shoot a lot of them."

Later, as we toured the security fence area—which, in reality, are two wire-mesh fences, each topped by coiled barbed wire and separated by several sinister metres of no-man's land, cleared bare—Mr De Villiers says that he too, had felt like that for a few days after his son hit the land mine. However, he now once again believes that a peaceful accommodation might be reached if the races' separate skills were harnessed properly.

One way not to go about this, however, is the current attempt to give blacks equal education, he believes.

"That's where the ANC's potential strength lies," he adds. "In schoolchildren, frustrated by an inability to handle some subjects which are basically European and which are totally alien to them.

"Some people think we are hiding something from them because they come out of school and still can't plan. They are simply frustrated at school. They pick up a stone and throw it through a window."

What was his assessment of the real, physical strength of the ANC? Mr De Villiers sighs, saying quietly, "I wish I knew."

One thing, however, is certain. The farmers are no longer soft targets. Mr De Villiers was carrying a nine millimetre Baretta over the hip of his bush shorts.

More patrols

Over the past two or three years the army's strength had been increased to sufficient levels, he says.

As we drove along, we were passed by several patrols of armoured personnel carriers, and, at one point, a contingent of back-packed soldiers was preparing to enter the bush.

Mr De Villiers says that more important than just the presence of the army is the co-operation among the soldiers themselves, the Government and the farmers, especially in the hard-surfacing of roads and the provision of state-of-the-art radio communications.

"It's not true, as some reports have said, that the farmers are bristling with arms," says Mr De Villiers.

"It is true that a lot of individual security fences are going up. I'm not doing the same because of the cliffs overlooking the house. A fence all round would cost me more than the farm is worth.

"Put it this way: anyone living in Africa has got to plan for any possibility. When I buy a gun, I buy it to keep an elephant out of my fields, I buy it to keep baboons out of the garden, to keep the porcupines out of my wife's flowerbeds.

"At the time of Rhodesia (now Zimbabwe), we said: 'Let's get our armoury up.' I lost a lot of friends there. Let's say, the guns are once again polished and the bullets are neatly stacked."

Back on the wall of the De Villiers study there is a prominent sign: "Never mind the dog—Beware of Owner."

Farmers in deep trouble

Agriculture

LARRY KLINGER

SOUTH AFRICA'S prolonged period of drought appears to have been broken. The jubilation, however, is muted. Not only did the good rains towards the end of the wet season just ended bring the country's worst brown locust plague in 20 years, but four successive crop failures have left many of South Africa's 65,000 white farmers in deep financial trouble.

Maize growers, who form the bedrock of the industry both in value of production in normal years and in political power, are estimated to owe R2.6bn to their co-operatives and probably twice that amount to the commercial banks. This year's crop is expected to gross, depending on the selling price agreed with the government, only between R1.5bn and R1.7bn.

While the plight of the farmer is likely to be exaggerated ahead of the negotiations just begun with government on price levels and subsidies, the situation is undoubtedly serious.

Officials at the National Maize Producers Organisation (Nampo) say that bankruptcies are running apace.

"The trouble is not distributed throughout the industry, but what is especially worrying is that there is even trouble where the crops have not been too bad," says one official.

The South African Agricultural Union, which groups together virtually all the country's farmers at national level says the situation is desperate.

"Interest charges are now the single biggest cost item for the average farm. If the government does not help with interest rates and control inflation to keep input costs at realistic levels, up to 50 per cent of the country's remaining commercial farmers could go bust in the next two or three years," says a union official. Overall farm debt was estimated at the beginning of this year at R11.5bn.

The maize farmers' problems are exacerbated by two other factors. First, low export prices. The country's maize board, the sole buyer of the crop in the most important producing areas, has seen its stabilisation fund drop R240m into the red. Export losses would therefore have to be met by levies on producers, which, say the growers, could be up to R40 a tonne.

Second, a significantly higher domestic price could mean a reduction in consumption. Maize forms the staple diet for the country's 23m blacks, who comprise 77 per cent of the total population, and price rises in other foods such as bread, flour, milk and sugar are on the way.

The Government also faces something of a dilemma. It is pledged to phase out high-level subsidies with the aim of making agriculture more efficient and market-related. Last year, for the first time, the Government refused to sanction price rises for the maize producers. Nampo was seeking a rise which, if agreed, would have meant an increase of 70 per cent over three years.

Bitter row

This led to an open, prolonged and bitter dispute with the most organised farm lobby in the country, causing a further drift away from the ruling National Party, by what has long been its bedrock constituency — the conservative Afrikaner farmer, already greatly disturbed by the Government's current reform programme aimed at accommodating black aspirations.

It is against this background that only a fortnight ago the Government agreed to reinstate effective Nampo control on the maize board, on condition that the growers would discuss the possible revision of the overall fixed-price system and would not put forward a formal, public price-rise demand. The hard-pressed producers agreed.

This has, of course, meant that there is no public confirmation of what the producers are seeking, but it is widely understood that they are asking for a 15 per cent rise. Mr Piet Gous, executive director of Nampo, said early last month that producers would need a 30 per cent rise to offset the increase in input costs over the past year but that, because the economy was unlikely to be able to absorb such a rise, Nampo was likely to seek between 10 and 20 per cent.

On the bright side, the drought finally appears to have ended. The government declared a few weeks ago that farmers who have been receiving emergency aid would have to reapply if they thought drought conditions still prevailed in their areas.

Mr Sarel Hayward, Minister for Agriculture and Water Supply, said farmers had been assisted for the past seven to eight years and that the time had come to end schemes which had served their purpose.

Nampo says that this year's maize harvest is expected to "stabilise" at about 8m tonnes, the highest in four years, failure compared with the 10m to 14m tonnes achieved before the drought began. Nampo emphasises that a continued lack of rain during late February and early last month (March) in districts where late-planted maize was in flower reduced this year's harvest by as much as 3m tonnes, costing the industry about R600m.

Nevertheless, Nampo reckons that domestic demand for white maize (the staple diet locally called "mealie meal") can be met. It also believes that export commitments for yellow maize to neighbouring black states (to which the government attaches political importance) can go ahead. Yellow maize accounts for about 42 or 43 per cent of the current crop, and, if the harvest ends as expected, exports to all areas, despite international sanctions, might reach 2.5m tonnes.

Need for structural changes

TO BE sandbagged by international bankers is not a pleasant experience—particularly when you have an impeccable payment record and long-standing banking ties behind you. But that is what happened to South Africa in August last year, and the economy is suffering the consequences.

The main problem is that the cut-off in new lending and the pressures to repay outstanding debt—currently around $23bn—obliges the monetary authorities to run a substantial current account surplus on the balance of payments. This means that South Africa—a hybrid economy, in which elements of a modern First World industrial and mining economy exist cheek-by-jowl alongside a Third World component—has been forced to become a substantial net exporter of capital.

Economic problems

ANTHONY ROBINSON

What is needed, and appropriate at this stage in its development, is a steady inflow of capital to achieve the sort of growth that is required if the called-for political reforms are to produce improvements in living standards and employment.

In the words of Dr Gerhard de Kock, Governor of the Reserve Bank: "It is frustrating to sit here and tell you that we ran a R7bn payments surplus last year and are planning another surplus of at least R4bn ($2bn) this year, when what I would like to be able to say is that we are running a current account deficit financed from abroad and achieving economic growth of five per cent."

Under the terms of the one-year interim settlement, proposed by debt mediator Dr Fritz Leutwiler and accepted with varying degrees of public reluctance by the major creditor banks in London on February 20, $500m of this year's surplus will be repaid to the banks. Over the next 12 months $500m, or five per cent of the maturing portion of the $14bn of short-term bank debt unilaterally frozen by the debt "standstill," introduced on September 1, is to be repaid.

The banks will also receive higher interest, up to one per cent over the London Interbank Offered Rate (Libor); more than originally agreed on the frozen funds. In addition, however, South Africa will have to pay off an estimated $1.6bn mainly public sector and institutional debt (including an $800m IMF facility) which has been kept outside the debt standstill net.

Expectations

These repayments will swallow up the currently expected payments surplus — with a proviso that South Africa may be asked to repay more capital to the banks if a higher gold price, or other factors, boost the surplus above current expectations.

In short, February's interim agreement is onerous to South Africa, and falls far short of the originally hoped-for debt re-scheduling agreement. The provision for half-yearly reviews essentially puts South Africa on parole, and under notice that "normalisation" of relations with the international banks, and a resumption of normal financial flows, is dependent upon tangible progress along the path of political and social reform.

The irony, of course, is that financing reform is made doubly difficult by the cut-off in new funds and the obligation to repay existing debt on such a heavy scale.

Instead, the only reason why South Africa is currently generating such large payments surpluses is because the domestic economy has been in a steep recession since July 1984. This has meant that hard currency receipts from booming mineral exports have not been used to finance imports of either consumer or capital goods on the normal scale. Instead they have been used to pay back debt or finance funk-money capital outflows. The latter increased daramatically after introduction of the debt standstill, partly through manipulating trade leads and lags which kept the rand under strong pressure.

Yet since early December, when the rand was close to the record lows against the dollar and other currencies which preceded the standstill, there has been a perceptible improvement in the economic and financial climate.

The technical turning point was December 9, when the monetary authorities obliged the gold mines to sell all their gold to the Reserve Bank for rands, instead of keeping half their dollars for seven days, and forced traders to reduce their payment leads and lags.

Since then the rand has appreciated strongly. Between December 18 and March 14 it strengthened by 29.9 per cent against a basket of currencies, and by 36.1 per cent against the dollar. This has taken place against growing evidence that the economy, which showed a 1 per cent overall decline in GDP last year, was moving into an upward swing during the fourth quarter of 1985.

Current estimates point to a 3 per cent GDP growth this year, albeit from a fragile base symbolised by January's record 20.7 per cent inflation rate.

The recovery is partly a result of the switch in emphasis from the fight against inflation to cautious reflation. This dates back to May last year, when it became clear that the August 1984 package of punitive interest rates and associated fiscal measures had led to substantial overkill.

Since May, interest rates have tumbled in real terms from a positive 12 per cent to minus 5 per cent. Even so, credit demand remains slack and the authorities are still pushing on a piece of string. Pessimists argue that the blow to consumer confidence over the last 18 months has been so severe that it will take years to recover, especially as unemployment, particularly among blacks, remains at a high level.

It is against this background that the Budget tabled on March 17 by Mr Barend du Plessis, the finance minister, allowed both for higher spending in key areas like education and housing, as well as a marginal reduction in taxation. This will provide additional stimulation to that provided by last October's R600m job-creation programme, financed largely by higher import levies.

There is little risk of overheating this year, with high unemployment—unofficially over 25 per cent of the black workforce and also at record levels among whites and coloureds and high levels of plant underutilisation. The longer term risk is that even 3 per cent growth will suck in imports, which will erode this year's projected 4.6bn rand current account surplus and create problems in 1987 and beyond.

Economic planners need to reduce the nation's heavy dependence on mining, while seeking to raise employment and release the energy and talents of the black majority.

If consumer demand and employment prospects remain problematical, external factors look much more positive. Lower oil prices could reduce the import bill by up to R2bn, while ensuring a steady but unspectacular growth in mineral exports, the star performer of 1985 thanks to rand depreciation.

Gold remains unpredictable but looks like reaching higher overall levels than 1985 — barring massive distress sales by the Soviet Union, the Middle East and others hit by lower oil prices. Despite the low dollar price of gold last year, South Africa's gold and other mines reaped record profits—and paid record taxes—on the back of the depressed rand, and look set to remain the pillar of the economy again this year. The prospect of tough labour negotiations and rising labour militancy in the mines casts a shadow over the sector, however.

The main external obstacle to future growth and stability, however, remains the difficulty of raising fresh overseas capital. Even so, the monetary authorities expect that South Africa will receive more in the form of export credits than it will disburse over the next two years or so, when foreign manufacturers and Government export credit bodies will be competing for large orders from traditional buyers like the electricity supply corporation (Escom), the state steel corporation (Iscor); and Soekor, the state oil corporation, which is currently drawing up plans for the 4.8bn rand natural gas project off Mossel Bay.

Meanwhile, major structural and institutional changes, now under discussion in the economic field, mirror those mooted in the political and social arena. Privatisation and deregulation have become the favourite buzz-words of bureaucrats and businessmen alike. President P. W. Botha has just been given special powers to abolish racially discriminatory restrictions which hitherto have made it difficult for non-whites to participate fully in the economy—as entrepreneurs, not merely as employees and workers.

After lengthy delays, the central business districts of Johannesburg and Durban have finally become the first to be opened up to all on a non-racial basis; although for years Asian businessmen in particular have operated from central business premises behind white front men.

New laws, which allow blacks to own houses and other property in the townships, also come into effect this parliamentary session. They are long-delayed moves designed not only to give blacks a tangible stake in their communities but also to accumulate capital and participate in business.

The overwhelming need for structural changes in the economy, which will reduce the unhealthy dependence on mining, release the energy and talents of the black majority, raise employment, wealth and growth is dramatically revealed by Reserve Bank figures.

These show the extent to which South Africa has become a stagnant economy. Between 1975 and 1985, annual GDP growth averaged 0.8 per cent. Over the six years 1980-85, it averaged only 1.1 per cent. This is well below the 2.8 per cent population growth, so that the real per capita income actually declined from 2,064 rand in 1975 to 1,946 rand last year.

The political implications are obvious. Redistributing a smaller cake is much more difficult than changing the proportions of a growing one.

Profile of a stagnant economy

(Values in Rm)

	Gross Domestic Product (in current Rand)	Real Gross Domestic Product	Real Gross National Product	Real Gross Domestic Product per capita
		—(in constant 1980 Rand)—		
1975	27,475	54,446	49,631	2,064
1976	30,890	55,247	48,702	2,047
1977	34,314	55,265	49,130	2,001
1978	39,297	56,851	51,120	2,011
1979	45,693	58,697	54,169	2,029
1980	62,807	62,007	59,272	2,084
1981	70,990	64,965	59,412	2,127
1982	79,978	64,452	57,817	2,062
1983	89,221	62,858	56,630	1,964
1984	105,413	66,612	59,621	2,013
1985	119,060	65,366	59,815	1,946

Percentage annual growth, real GDP: 1975-85 1.8, 1980-85 1.1 1983 −2.5, 1984 5.0, 1985 −1.0, 1986 3.0 (estimate).

Source: South African Reserve Bank.

Mr Barend du Plessis, Finance Minister: higher spending in key areas to stimulate jobs

Dr Fritz Leutwiler, debt mediator: he proposed the terms of the one-year interim settlement under which $500m will be paid over the next 12 months

Dr Gerhard de Kock, Governor of the Reserve Bank: reasserting stricter controls over the currency

The grip tightens

THE COLLAPSE in the rand to a low point of 35 US cents at the end of August 1985 and the foreign debt crisis closely associated with the currency disaster has brought an end to the dash for freedom in capital movements and foreign exchange dealings.

The reinstatement of an even more restrictive financial rand on September 1, the curtailment of various aspects of freedom to deal in foreign exchange, and the declaration of the unprecedented debt moratorium, have now brought the rand firmly back under the control of the South African Reserve Bank, with the assistance of a strong current account of the balance of payments. The rand has recovered to just above 50 US cents and around R2.90 to £1 (against a low of around R4), reflecting a gain of some 43 per cent against the American unit. For the longer term, however, the local inflation rate (above 20 per cent year-on-year) remains a grave threat to currency stability.

The remarkable irrelevance of current account considerations to the contemporary type of currency crisis is well illustrated by the size of the current account surplus — R7.1bn for calendar 1985, or $3.2bn at the average rate of exchange for the period.

It was, of course, the severe deterioration in political confidence caused by the protracted civil disturbances which broke the confidence of foreign investors in the rand, and exposed the American banks in particular to domestic political pressures about the level of their exposure to South Africa.

The earlier relaxations of exchange controls on non-residents and efforts to establish a free foreign exchange market created the conditions for a raid on the rand which drove it down from around 50 cents in December 1984 to a low of 34.80 cents at the end of August 1985, when the markets were closed and a debt moratorium declared.

In retrospect, the relaxation of exchange controls on non-resident was followed by a wave of disinvestment, while the potential loss of foreign reserves was off-set by heavy off-shore borrowing which contained the seeds of the debt crisis. The culmination of this phase in foreign exchange management was the closure of the markets at the end of August 1985, to be re-opened on September 6, only after the unprecedented declaration of a moratorium on the repayment of capital on $14bn of South African foreign debt (out of a total of off-shore borrowings of $24bn). A combination of exchange control rulings, imposed in part at the same time, and in part in December, has reasserted Reserve Bank control over the currency.

The moratorium did not preclude the payment of interest, and applied only to certain categories of debt. Items excluded related primarily to bond issues, floating rate notes and items not directly related to trade, like bankers' acceptances (as opposed to Euro-dollar trade finance).

Exchange controls

ROBIN FRIEDLAND

On February 20, an agreement of an interim nature was concluded with overseas borrowers through the mediation of Dr Fritz Leutwiler. Some salient points are that $500m must be repaid within one year; funds that remain frozen within South Africa may be left with the local banks at a rate not exceeding 1 per cent above the rate they were charging on August 28 1985, or placed with the Public Investment Commissioners in a special fund at a rate of seven-eighths of 1 per cent above the official Libor rate.

Apart from the 5 per cent repayment, it has been estimated that capital repayments from loans outside the moratorium net will total $1.6bn over the next year. Obviously, the possibility also exists that the overseas banks may not all insist on the full 5 per cent repayment.

In any event, the current account is strong enough at present to absorb capital items totalling $2.3bn, especially as the Reserve Bank has been replenishing its foreign exchange holdings while leads and lags have begun to reverse themselves.

The reversal in leads and lags has been partly expectational (reflecting opinion that recent measures have decisively checked the fall in the rand) and partly the result of tighter exchange controls on export proceeds. Estimates of the potential scale of the reversal differ widely and must be considered unreliable, but the float could be between $5bn and $10bn.

Turning to the details of the changes in exchange controls, the most important is the reinstatement of the financial rand. This must be employed for all inward and outward transactions involving quoted shares, whether by non-resident individuals or companies, and also for outward capital movement, other than transactions treated as loans. (But past loans might fall under the moratorium.) The import of funds for establishing manufacturing operations (narrowly construed) may (on specific application) take place through the commercial rand provided the money is brought in for the purchase of ordinary shares and used for the purchase of machinery within South Africa for expansion of pre-existing manufacturing operations of a labour-intensive nature.

On disinvestment, all proceeds of the sale of shares or real assets including Krugerrand must be repatriated through the financial rand. The rights which certain categories of immigrants had to export capital through the commercial rand have also been curtailed, while the emigrants' capital allowance must now be taken through the financial rand too (although the normal traveller's allowance, at commercial rand rates, is now granted as a compensatory concession).

The rule has also been introduced that export proceeds must be covered through the forward exchange market within seven days (compared with the previous period of six months).

The clearing banks have been restricted in the extent of their dealings in foreign currency for their own account, while foreign banks have been limited strictly to dealing for import and export clients, against trade documents. The reserve bank can enforce this restriction through the South African banks as the only effective market in rand is local.

As the tightening of exchange controls has cut off many foreign-controlled companies from their main previous source of funds — off-shore borrowing — the Reserve Bank has been forced, as a temporary measure, to relax its strict rules controlling the proportion of local borrowings (relative to capital) previously allowed those companies.

Paradox of perceptions

The stock market

JIM JONES

LIKE ITS counterparts around the world, the Johannesburg Stock Exchange (JSE) provides a fair mirror of investors' confidence. The stockmarket's performance during the past year, however, highlights the paradox of internal and external perceptions. Measured domestically, the market's principal indices have risen strongly into new high ground, while measured by prices of South African shares traded on other bourses, the Johannesburg market has been among the worst performers.

The apparent paradox is easily explained. Last September the South African authorities re-introduced a dual-currency system of commercial and financial rands in an effort to block capital outflows from the country. Instead of being a unitary currency whose values reflected total capital and current account flows, the commercial rand would only reflect current account transfers, and the so-called financial rand would be a measure of non-residents' willingness to hold South African investments.

Effectively, no foreign exchange would be made available for capital transfers out of the country by non-resident investors selling their South African assets. As was the case from the early '60s until February 1983, divestment funds could again only be externalised by buying equities in Johannesburg and selling them abroad.

As a result, divestment would not drain the country's foreign exchange reserves and divestors were obliged to accept an effective exchange rate determined by non-residents' willingness to acquire additional South African shares.

None of this affects residents, who have grown used to the past quarter-century's prohibition on investing abroad. They are obliged to operate in a bothouse investment environment in which the private sector is dominated by half a dozen major insurance groups or mining/industrial conglomerates which compete aggressively for assets which are the principal traders on the JSE; and which are generally reluctant sellers of even the worst-performing investments.

This dominance has restricted the JSE's own development, though changes are coming. Unlike London, where the "Big Bang" is opening up the stockbroking business to companies, and establishing broking firms as divisions of broadly based financial services companies, only individuals are allowed to own interests in South African brokerage companies. This regulation is unlikely to change in the near future.

On the other hand, the JSE is losing some of its introversion. Last year the exchange elected its first executive president who was not drawn from the brokers' own ranks. To an extent, the election was forced on the broking community by outside criticism of the JSE's self-regulation. Next in line is the establishment of an independent, statutory takeover and merger panel.

Again, this has developed because of frequent criticism of the JSE's apparent lack of ability to ensure the fairness of mergers or acquisitions. It has often been suggested that brokers themselves are reluctant to act against potentially unfair mergers or take-overs.

It is said they fear they could lose the business of the large groups which dominate the economy. In part to still this criticism, draft legislation proposes that the statutory 15-member panel will only draw three of its members from amongst the ranks of stockbrokers.

Hopes dashed

At the start of last year many institutions believed that relaxation of foreign exchange controls was imminent and that they would be allowed to invest abroad. Their hopes were dashed in September when the authorities introduced sterner foreign exchange restrictions. The effect was to re-focus institutional attention on the Johannesburg market. This coincided with a rise in the rand-denominated gold price during the final quarter of last year which led to record gold mine profits, optimism that stimulatory economic policies would reverse the downward trend of corporate earnings and the upward trend in bankruptcies and heightened fears over the country's inflation rate.

The combination led to frantic scramble for equities and by March this year the JSE Actuaries Overall Index reached a record high of just over 1,500, almost two-thirds higher than the low of 922.6 it had touched only a year before. The Industrial Index rose to 1,204 in March from 767.1 a year before and the All-Gold Index peaked at 1,314.3 on January 27 against a 1985 low of 819.4 in July.

Investor's enthusiasm for shares was matched by greater interest in the stockmarket as a capital provider. In the past year alone the country's three largest banks have come to the market for additional capital needed to comply with the stricter capital adequacy requirements envisaged by the Banks' Act. Nedbank, one of three, was compelled to raise a record R345m to shore up its capital base which had been eroded by major provisions against doubtful or bad debts and losses in gilt trading.

It was not on its own in seeking finance needed to restructure its capital base. Several industrial firms, which had drifted close to technical bankruptcy because of foreign exchange losses and the squeeze of high interest rates and shrinking markets, joined the procession of capital raisers.

Few industrial firms need new capital for expansion as opposed to balance sheet restructuring. Most have operated well below plant capacity for more than a year, and even if the government's stimulatory measures lead to rapid economic growth, initial production increases will come from better equipment utilisation. On the other hand, service companies, particularly life assurers, have been to the market to strengthen their equity bases in anticipation of further strong business growth.

In 1985, listed companies raised R1.87bn through the JSE against R1.42bn in 1984. Newly listed companies raised R1.79bn through the JSE, almost ten times as much as 1984's R187m.

South Africa 6

The past year has been one of mixed blessings for South Africa's once-confident mineral producers

Uncertainty over exports

Coal industry

JIM JONES

TWO OR three years ago, South Africa's coal industry executives were expansive about plans and prospects. It was yet another symptom of the coal mining sector's strength, founded on growing domestic and export markets and the mineral's pivotal role in the country's energy mix.

Now, measured by some coal executives' general reluctance to discuss specific issues, the industry has entered one of its periodic phases of uncertainty.

The greatest uncertainty, perhaps, surrounds the export sector. As recently as five years ago, export planning was founded on the apparent belief that world demand for South Africa's coal was pretty well insatiable. That was an understandable trap to fall into after the two oil shocks of the seventies and the scramble of energy-importing nations to tie up sources of coal and uranium.

Vast reserves

Government mandarins took central planning to its illogical absurdity by not only deciding who should be allowed to export what tonnages of coal, but also when those exports should start and finish. In a country with reserves sufficient for two or three centuries, it was clear that export controls were designed not to conserve a major energy source, but rather to provide employment for a burgeoning bureaucracy.

The chickens are now being driven home to roost, by the combination of world energy surpluses and coal importing nations' distaste for apartheid. Originally the planners decided that the annual capacity of the purpose-built export facilities at the Natal coastal port of Richards Bay should be raised to 44m tons by the end of 1985; to 73m tons by 1992-93; and to slightly more than 80m tons in the latter years of the century. That was fine in theory. In practice, it is a different matter.

Richards Bay was designed around rapid bulk loaders capable of handling large tonnages of comparatively homogeneous coal. The facilities were financed by the large indigenous coal companies and local subsidiaries of several oil majors. And they want the next phase of Richards Bay's expansion to be an extension of the existing facilities. That, though, effectively excludes the dozen or more small companies with new export permits who require smaller scale facilities capable of handling comparatively insignificant tonnages of speciality coals.

On a per-ton basis, these facilities would be considerably more expensive than the large tonnage loaders, while loading small tonnages into small ships could well lead to turn-around delays for the larger bulk loaders now calling at Richards Bay.

The large-tonnage exporters refuse to hear the burden or risks of financing small facilities, and the smaller prospective exporters claim they cannot afford the cost of new equipment or their share of running the rail line between the Transvaal and Natal coalfields and Richards Bay.

One proposed solution to the problem is that the state-owned South African Transport Services (SATS) should relinquish management control of Durban's Bluff coal terminal to private-sector coal exporters. They have been negotiating to lease the state's run-down Durban facilities, which the coal industry will refurbish and manage. That would divert some tonnage away from Richards Bay, but it is not a complete solution.

The alternative is continuation of the mergers and acquisitions of small exporters, which Government planners originally decided was impermissible. The mining house, Anglovaal, which is re-entering the coal sector, has merged its coal interests with those of Grinaker/Desert Spar to create a company with upwards of 1 billion tons of coal reserves, a total annual export allocation of 1.4 million tons, and poor prospects of finding large-tonnage domestic outlets for its coal.

For the present, exporting is being made difficult by the combination of over-supply and politics. Denmark, which buys about 5 per cent of South Africa's export coal, is to follow Sweden's example and ban its import by the middle of this year. The South Africans appear to believe the Danish market is lost forever.

Last November, the French Government refused to renegotiate or accept any new contracts with South Africa. From being an importer of about 7 million tons of South African coal a year, France will import less than 2 million tons this year. On the other hand, none of the other countries to which South Africa exports coal have said that they are likely to take similar measures. The French market was, in any case, declining because of her nuclear programme, whereas Mediterranean and South East Asian importers are apparently prepared to take as much South African coal as they can get.

Boycotts and the rand's decline have effectively established a two-tier world coal market, with South Africa undercutting competitors by between $5 and $10 a ton, or about a quarter less than prices charged by competitors. This has, nevertheless, been accompanied by internal dissent. The South Africans had been hoping to hold prices at $30 per ton for Richard Bay. Last November, Amcoal, the largest coal producer, refused to sign 1986 contracts with Enel, the Italian state-owned electricity utility, at $28.5 per ton. This February it signed at $27.50.

Difficulties

These difficulties have emerged at the end of South Africa's most profitable coal-exporting year, which has left the coal mining companies flush with cash. The rand's decline led to record export revenues, expressed in the South African currency despite progressive weakness of dollar-denominated coal prices.

By mid-March the major producers decided that Richards Bay's next expansion, to 65m tons over the next five years, could not be delayed. Not only were the colliery companies holding large cash reserves, but they were also aware that real interest rates were negative and that South Africa's inflation rate meant that each year's delay would lift the port expansion's capital cost by about 20 per cent.

Expansion of the export harbour facilities and the export collieries is unlikely to be affected by South Africa's foreign borrowing difficulties.

The bulk of the port loading equipment is manufactured locally, as are about half the components which go into the walking draglines used by open-cast collieries. As one industry executive put it recently: "South Africa is the main customer, so the American manufacturer will have to come up with financing proposals."

On the domestic front, Escom, the state-owned electricity utility, remains the industry's major customer and buys about two thirds of the output of Amcoal, Trans-Natal and Witbank colliery, the principal coal companies. Unfortunately for the coal miners, Escom has reduced the rate at which it planned to open new thermal power stations. Recession and improved energy saving has reduced projected demand for power and instead of growing at an annual rate of 7 per cent, electricity demand is expected to rise at only 6 per cent or less. That has led Escom to defer new power station projects and to slow the rate at which power units are brought into operation at the stations now being built.

Escom's dominant domestic position is extremely important to the coal companies, which own reserves equivalent to a couple of centuries of current output. The usual arrangement is that the coal company dedicates anything up to a billion tons of reserves to a single power station, and Escom provides capital to help finance the new mine and agrees to annual coal price increases which guarantee the mining company a specified return on capital investment.

For the present, hopes that coal-based synfuels plants would provide an important outlet appear to have been grounded. Anglovaal, which planned a partnership with Caltex to produce methanol from coal, was told by Government last year that its synfuels proposals did not mesh with national strategic liquid fuels procurement plans.

Oil-from-coal projects have been relegated to the second row while the full extent of the Mossel Bay off-shore gas field is evaluated. Nevertheless AECI, the largest diversified chemicals group, has joined with Amcoal and presented Government with proposals for a coal-based plant, to produce petrol and diesel fuel using well-proven technology.

Gold production

	1980	1981	1982	1983	1984	1985
Tons milled (m)	89.9	91.9	95.0	99.9	101.1	104.6
Gold produced (tons)†	663.2	645.3	652.0	664.0	661.8	647.9
Average grade (g/t)	7.28	6.92	6.76	6.55	6.44	6.09
Cost per ton milled (R)	35.53	41.89	47.25	51.88	58.94	68.76
Cost per kg gold (R)	4,587	5,719	6,751	7,680	8,861	10,938
Gold revenue (R bn)	10.19	8.30	8.53	10.01	10.93	13.35
Pre-tax profit (R bn)	7.34	4.89	4.50	5.34	5.67	7.60
Tax and lease (R bn)	3.84	2.10	1.83	2.30	2.31	3.40
Capital expenditure (R bn)	0.92	1.22	1.26	1.41	1.64	1.91
Dividends paid (R bn)	2.28	1.68	1.37	1.73	1.69	2.32

† Includes miscellaneous by-product gold and output from Anglo American Orange Free State Metallurgical Scheme: 1980 8.3 tons, 1981 9.4 tons, 1982 9.5 tons, 1983 8.2 tons, 1984 10.8 tons, 1985 10.9 tons.

Problems loom on the labour front

Gold Industry

JIM JONES

A YEAR ago it was reasonable to assume that history would repeat itself and that South Africa's gold-based economy would grow because of problems elsewhere.

The thesis was straightforward: world economic and political uncertainties were the principal influences on gold prices and the metal's contribution to South Africa's GDP. Events of the past year, however, have led to the paradox that the country's economic health now depends more directly on problems at home than overseas.

Last year South Africa's own political and economic turmoil led foreign exchange markets to depress the external value of the rand to record low levels, lifting rand-denominated gold mining revenues to record highs even though the international gold price stumbled along in the vicinity of $300 an ounce for most of the year. In turn, higher gold mine revenues have led to a strong increase in mine capital spending plans which will form one of the bases of the country's internally-driven economic recovery.

Apart from this direct influence on the economy, the gold mining industry became an important factor in the authorities' strategy for re-establishing control over foreign exchange markets. In the latter part of 1982 and early in 1983 the government lifted restrictions on the gold mining industry in order to broaden South Africa's foreign exchange markets.

The Reserve Bank decided to pay the mines in dollars rather than rands for their gold and allowed the mines to trade in financial and commodities futures markets. That came to an end in December last year when government reversed direction and instructed the Reserve Bank to revert to paying rands for gold. Apart from anything else, this returned direct control of a major part of the country's foreign exchange earnings to the Reserve Bank and enhanced its ability to direct the foreign exchange market.

The new gold payments regime is not a draw-back — probably the opposite. Several mines which made use of forward contracts to lock into firm, rand-denominated gold prices suffered comparatively large dealing losses. They are now prevented from doing this, particularly as South Africa's tighter foreign exchange controls limit the mines' ability to meet margin calls.

South Africa's effective exclusion from international capital markets and the likelihood that foreign debt repayments will absorb most of this year's officially projected balance of payments surplus has dashed official hopes that the economy could stage an export-led recovery from its worst post-war recession. Instead, official attention has turned towards an internally-generated recovery in which the multiplier effect of capital spending by the gold mines will play an important part. Nevertheless, government has been unwilling to make fiscal concessions which would allow the mines to make capital spending more tax efficient.

Gold mines are allowed to offset all capital expenditure against current profits, which has led to the establishment of new mines as divisions of other, distant mines because of immediate tax-saving possibilities. That came to an end in 1984 when the minister of finance decreed that tax offsets would only be permitted for contiguous properties. Though the industry has protested, the tighter tax rules do not, for the present, appear to have affected new mine plans.

New shafts

In the Orange Free State, mining house Johannesburg Consolidated Investment, (JCI) has started shaft sinking at its new Joel mine. Originally JCI had hoped that Joel could be financed under the tax-saving umbrella of the house's Randfontein Estates gold mine, and Randfontein financed an equal 45 per cent of Joel's exploration costs with JCI. The remaining 10 per cent was financed by Anglo American Corporation. The contiguity rule, however, seems to have put paid to any advantageous tax deal through Randfontein, though JCI hopes to persuade the tax authorities towards leniency.

Elsewhere, major new mine developments are being carried out as extensions of existing mines. Gold Fields of South Africa (GFSA) has incorporated its Leeudoorn property into its Kloof mine. The development will double Kloof's present 180,000 ton monthly milling rate over the next 20 years. The Kloof expansion programme has been criticised by some Johannesburg analysts for its apparent slowness. So, too, has the shaft sinking programme at Gencor's Winkelhaak mine, which is planned to take six years.

The analysts are particularly worried about the inflationary cost increase implications of protracted expansion programmes.

The gold industry's principal problem this year is likely to be black labour. Last year a threatened strike by the strong National Union of Mineworkers (NUM) was averted at the last moment when three mining houses broke ranks with other members of the Chamber of Mines and increased "final" wage offers. This year the NUM is determined not to accept different offers from different mines, arguing that until last year and particularly during the decades when black miners were prevented from unionising, black wages were determined by the chamber as a whole to prevent one mine poaching employees from another.

This year's determination to accept only one wage offer is probably prompted by the NUM's need to recruit new members by showing that it is capable of negotiating satisfactory wage increases for everyone.

Black miners' main preoccupations are with wages, health and safety and living conditions in the mine compounds. However, persistence of legal barriers to blacks occupying supervisory underground conditions is emerging as a major bone of contention. By March the government had still to show signs of fulfilling its promise to abolish racial job reservation on the mines following the chamber's failure to agree with white unions on means of lifting the colour bar.

The conservative all-white Mine Workers' Union (MWU) has strenuously opposed allowing blacks to do jobs currently reserved for whites, while the chamber has been reluctant to move on the issue without the agreement of white miners. This year's mine labour developments will be the acid test of government's sincerity in planning to scrap apartheid.

Weak rand helps boost profits

Platinum and other mining

JIM JONES

IN JANUARY this year a brief chill went through world platinum markets as Impala Platinum, South Africa's second largest platinum producer, sacked two-thirds of its black workforce and closed three of its four mines. Platinum prices moved ahead immediately as users of the metal assessed their likely vulnerability to disruptions of deliveries from the western world's largest supplier.

In the event that vulnerability was not tested, to the possible relief of those South African politicians who regularly reassure their constituents that western countries' need for South Africa's raw materials is an important safeguard.

The smoothness with which international metals markets absorbed the threatened platinum supply disruption probably gave the South Africans pause for thought. When Impala fired 23,000 strikers in January, the mine's management declared that it would not re-hire any of the dismissed men. The company believed that the strikers would easily be replaced with skilled miners drawn from the country's army of black unemployed.

As it was, Impala re-hired most of the men it had sacked, saying that as they had been coerced into striking, re-enlistment was fair. Some metal traders believe that more pragmatic considerations prompted this change of heart. Though Impala said that full production would be resumed by mid-March, it also told shareholders that the production disruption would lead to a R45m reduction of after-tax profit.

That, analysts reckoned, meant that the company expected to lose about one-fifth of its annual 1m ounces platinum production and that profit considerations were more important than making a point with strikers. South African mine-owners, it was clear, were more vulnerable than their customers to production disruptions.

Impala was able to fulfil its contractual delivery obligations by buying metal in world markets and from Rustenburg, its larger competitor. But these could only be temporary solutions if Impala was not to fall foul of its major customers such as General Motors, and if American developers of new mines in Montana were not to be persuaded to increase their production plans.

The past year has been one of mixed blessings for South African minerals producers. Profits have been boosted by the rand's weakness against other currencies and, for a few metals, there have been real increases in demand from strengthening western economies. Others remain in the doldrums as the western world's latest economic advance has been founded on high-tech, consumer and service sectors rather than on the more traditional metal bashing industries.

As a result, South Africa's ferro-chrome producers have returned to full capacity operations while iron and manganese ore producers continue to sell into comparatively stodgy and price-feeble markets. In February this year Iscor, the state-owned steel producer, was forced to accept both price and tonnage cuts on sales to Japan. And the pattern of price pressures has been repeated for products as diverse as asbestos and manganese.

Estimates

South Africa's lack of leverage based on its mineral wealth shows up plainly in the country's share of world reserves and its share of world markets.

South Africa, which includes the so-called independent homeland of Bophuthatswana, has about two thirds of the world's known platinum reserves and three-quarters of its chrome reserves. However, based on most recent estimates by South Africa's Department of Mineral and Energy Affairs, the country produces about one third of the world's chrome ore and two-fifths of of its platinum. In other words the world does not want as much of these two "strategic" metals as South Africa could theoretically produce.

This was indicated somewhat differently early this year when Union Carbide announced that it was to sell its 49 per cent interest in the modern Tubatse ferro-chrome plant to Gencor, its 51 per cent partner. At the same time Union Carbide disclosed that it was negotiating to sell its vanadium mining and processing operations to local management. Both sales, Union Carbide said, formed part of its world-wide divestment from minerals, but they come at a time when markets for chrome and vanadium ferro-alloys have been particularly firm and show no signs of slackening.

Nor, it seems, is any foreign risk capital available for new mine development in South Africa. In February this year East Rand Consolidated finally abandoned plans for raising money in London to finance a new vanadium (and possibly platinum) mine and instead turned for funds to the Johannesburg stock market.

De Beers, the world's oldest surviving cartel, stands in sharp contrast to South Africa's apparent inability to use its production base to control markets for a range of other "strategic" minerals. It has proved yet again that it can control the global diamond market. Not only has the diamond group demonstrated that it could cope with over four years of recession, but it has also had to come to terms with major new production from Western Australia's Argyle mine, and vigorous attempts by the Soviet Union to circumvent its market-sharing agreements with De Beers.

By the end of 1985 De Beers' success in controlling the market was demonstrated by the rise in sales of its marketing arm, the Central Selling Organisation (CSO). Sales by the CSO have been restrained since shortly after the start of this decade by the need to restore market stability by allowing gem cutters to run down speculatively accumulated stocks in an orderly way. That marketing exercise appears to have been completed and De Beers itself can now set about reducing the large stockpiles it has accumulated this past five years despite severe production cutbacks at its own mines and those in other countries which market through the CSO.

A return to the balmy diamond market days of 1980 seems pretty remote at present. In 1980 speculative fever sharply boosted demand for the larger, investment gems, particularly those from De Beers' Namibian mines. The market's subsequent recovery has been founded on sales of smaller, commercial stones and periodic efforts to re-focus buying attention on the larger stones has not been altogether successful.

A white South African soldier coaches a young black boy in Kagiso township, near Johannesburg, on a makeshift cricket pitch. More than 1,200 people have died in township riots in the past two years, many in clashes with security forces

Itinerary that reveals the Afrikaner past

TOURISM IN South Africa has been badly hit by the political events of the past 18 months. It is difficult to sell a country as a tourist destination when most people perceive it to be in turmoil, with violence the order of the day in the towns and cities. Even if the violence ends it will take time to rebuild the confidence of potential foreign visitors.

The foreign traveller who ventures to South Africa at present will, therefore, experience all the advantages of being a member of a rare and threatened species. He will be pampered in hotels that are scrabbling to fill their rooms, nurtured in restaurants that have lost their local clientele to the recession, and have the upper hand in the curio shops.

A boom in tourism was predicted at the start of 1985 when the rand slumped against other currencies — but it never took place. Instead, potential visitors stayed away, bookings declined and the state's Tourism Board found itself having to promote South Africa to South Africans.

The political situation did, however, lead to an increase in the number of foreign "fact-finding missions." These special foreign visitors, representing governments, corporations or investors travel extensively in the country and invariably make their way to Pretoria for talks with power-wielding officials. An ordinary tourist, without a mission, is recommended to take a tip from the itinerary of these fact-finders and pay a visit to the city of Pretoria if not its officials.

The South African Government maintains: "To understand a country and its peoples, one has to study its history." Pretoria's history is relatively recent but fascinating—and the city is the ideal starting place for the tourist who wants a clue to Afrikanerdom.

Like Washington DC, Pretoria is an administrative capital crawling with bureaucrats, diplomats and military personnel; like Washington it is also an attractive city, with sufficient sites of historical interest to be dealt with in a two-day tourist itinerary.

But to enjoy Pretoria you must turn a blind eye to its unimaginative slabs of modern buildings and look instead at its past. Pretoria is at its best in October and November when its more than 50,000 jacaranda trees flower and tint the city's streets mauve.

At the heart of the city is Church Square and the statue of President Paul Kruger, the Afrikaner hero and president of the Boer state known as the South African Republic. Two city blocks to the west of the statue, lies Kruger's old home,

Overseas visitors who go on fact-finding trips to Pretoria can explore many historical reminders of the young republic, as Paddi Clay explains.

a carefully preserved showcase of the personalities of both the man and the young Republic he ruled. On the outskirts of the city at the village of Irene, the preserved corrugated iron home of another former South African leader, Jan Smuts, shows similar characteristics of modesty and simplicity. The grounds offer an opportunity for an invigorating walk (in the style of General Smuts) and a tea garden under cool trees.

Another home museum, Melrose House, is both a Victorian businessman's monument to "the English way of life" and the site of the signing of the peace treaty of 1902, usually and inaccurately known as the Treaty of Vereeniging, which ended the second Anglo-Boer War. It is situated close to the Burgerspark Hotel, used by most foreign business visitors and tourists.

Four forts, each on its own hill, once guarded Pretoria against possible threats from the British. Two of these forts, Klapperkop and Schanskop are today military museums; both intriguing relics and reminders that the present South African Government considers itself at war on the country's borders.

The forts are puny compared with the granite block of the Voortrekker Monument alongside them. The monument is said to have been inspired by such traditional architecture as the Zimbabwe ruins — but it is uniquely, grandiosely and forbiddingly Afrikaner in spirit. The detailed marble frieze inside the monument, depicting the trials and tribulations of the early trekkers who travelled into the interior and to the north from the coast, is an enlightning illustration of the Afrikaner's idealistic view of himself.

The Voortrekker Museum in the grounds surrounding the monument provides a good idea of the lifestyle of the white pioneers. At the monument decorous dress is advisable as the site is a holy one for many Afrikaners.

Pretoria has some top-class restaurants, which only sometimes pay more attention to service than culinary inventiveness, but it is a city of boarding houses rather than high-class hotels. A new concept on the Pretoria accommodation front, to the north of the city in the Cullinan district, is a 30-room, country-style hotel, Le Chateau. The unabashedly French establishment offers tranquility, elegance and a restaurant in the Escoffier tradition.

If Pretoria's historical remnants fire your imagination, consider taking a tour of the battlefields of Natal. The lush province has, in places, an anachronistic air conducive to conjuring up images of the Redcoats and Zulu warriors of the 19th century. You can wander the plains below the hill of Isandhlwana and take refuge behind the biscuit tin barricades at Rorkes Drift, where more Victoria Crosses (11) were earned than in any single engagement before or since.

At the battle of Blood River on December 16 1838 (commemorated by Afrikanerdom as the holiest of its holy days) the Boers repulsed a Zulu army 12,000 strong, from within their triangular laager of ox wagons. On the hill of Majuba the Boer forces won an important victory over the falsely secure British troops on the summit, and ended the Anglo-Transvaal War. Even the tourist who cares nothing for bygone battles will succumb to the scenery of Zululand and the fascinating mix of English colonial, Boer and Zulu history found in Natal.

Theatre of the nation

BACK in the early seventies, a group of energetic but frustrated theatre people, with the help of some adventurous business magnates, set about establishing a new theatre centre for Johannesburg.

It was to be independent of the state, open to everyone regardless of race, and a venue for all that was new and lively in the performing and visual arts.

With those aims, tantamount to a revolutionary political manifesto in South Africa of 1976, the Market Theatre looked likely to have a bright but brief life.

Today, however, it thrives: not quite the "fat cat" its few militant detractors accuse it of being; but nevertheless, a commercially successful, lively centre of creativity and entertainment, faithful to its aim of providing a platform for genuine South African "kulture"— plays about South Africans and South Africa, the artistic outpourings of both black and white.

The Market Theatre complex is more than a stage. In addition to its three theatres, it houses an art gallery, a photographic gallery, a book shop, an "upmarket" restaurant, a sandwich kiosk, and one of the best and brightest bars in the city. The management has even instigated a giant flea market, which takes place every Saturday in the parking lot opposite.

Mostly, however, the Market is an island of sanity in a country where official policy prefers to stress the cultural differences between people.

The once derelict vegetable market building housing the

The Market Theatre arts complex has won international respect for its productions, which speak for both black and white South Africans, reports Paddi Clay.

community arts complex, has been transformed and has transformed. Like Covent Garden, in London, it has rejuvenated an abandoned corner of th e city. But it is what the Market offers the public on its stages that makes it unique and wins it international respect.

While the Market programme offers a mixed bag of entertainment, consisting of contemporary imports and locally-written or devised plays, as most important role is as midwife to the theatrical creations of both black and white South Africans, names both known and unknown.

Take, for instance, the plays performed in the first quarter of this year. Five of the seven are original South African works, featuring black actors. One, The Island, has already won acclaim in New York. Another, Bopha, back in its home theatre after a tour of the townships, will be seen at the Edinburgh Festival and in Australia later this year. One of the recent popular productions, Sophiatown, is an evocation of South Africa's famous black bohemia where white liberals, black and white thinkers, musicians, writers, poets and gangsters once mingled in a heady atmosphere of defiance.

The Market Theatre is breaking no laws. The experience it is offering is available with a legally purchased ticket. But take it away, as they took away Sophiatown, and the artists of modern South Africa will definitely be the poorer.

Inflation cuts spending

Consumer goods

JIM JONES

THE SOUTH African government's shift in economic priorities towards internally generated economic growth will stand or fall on a return to consumer spending on durables.

In 1984, when the main economic consideration was fighting inflation, the authorities did not hesitate to introduce austerity measures designed to squeeze demand-pull inflation out of the system. The intention was to cut inflation from the double-digit levels it reached following stimulatory measures introduced shortly before three by-elections. It failed, and while inflation soared to over 20 per cent in January this year, real spending on consumer durables nose-dived.

In real terms, spending on durables fell by one ninth last year, and 1985's spending was almost one sixth down on that of 1980. Real spending on semi-durables was unchanged last year on 1984. Spending on non-durables — mainly food, fuel, household goods and beverages — fell however by 2.4 per cent last year, sharply etching the decline in disposable incomes all South Africans have suffered.

Consumers have been squeezed from four directions. Real incomes have been cut by inflation; wages have been curbed by growing unemployment; many families have been compelled by high interest rates and the heavy burden of servicing existing borrowings to taking on new debt; and the rand's decline has boosted the price of all imported goods.

While most whites have accepted their straightened circumstances comparatively stoically, deteriorating living standards have contributed to heightened black militancy and widespread refusals to pay rent and utility charges. This, more than anything appears to have prompted government to replace inflation-fighting austerity measures with stimulatory policies designed to increase employment and disposable incomes as quickly as possible. The upshot could well be a further acceleration of the inflation rate, but is considered a small price to pay if widespread violence is curbed.

Women on the way to work in Johannesburg: wages have been curbed by growing unemployment.

Government's stimulatory mathods are conventional. The Reserve Bank has orchestrated a steady reduction in interest rates, to the point where real returns on savings are negative and the cost of consumer borrowing is less than the inflation rate. At the same time, minimum hire purchase deposits have been reduced and maximum repayment periods extended to encourage people to spend. Most economists are gloomy about the likely effect of these policies, warning that stimulation could well push inflation to uncontrollably high levels, particularly if excessive money creation is needed to hold down interest rates.

Imported kits

This year, however, much will depend on the direction the rand takes. Last year items such as television sets, which are largely assembled from imported kits, almost doubled as the rand fell. Unfortunately, the television makers had few alternative products to lessen the effect of falling television sales. Ten years ago, when government first permitted television broadcasting, the number of manufacturers allowed to make sets was limited. It was hoped that this would spawn a domestic electronics business.

That hope came to nothing and local electronics firms have largely developed on the back of telecommunications business and hefty contracts from the post office and armed forces.

A similar miscalculation affected the motor industry. Government sought to encourage local manufacture by providing manufacturers who matched local content requirements with high tariff protection from foreign-made cars. Components were allowed in duty free, but as the local content requirements were based on weight rather than value the South African manufacturers logically enough concentrated on making technically simple, heavy components.

In the event South Africa has failed to develop any real motor or components export capacity. Ford has been comparatively successful in selling its one-ton truck in Britain and BMW has directed local South African radiator and exhaust pipe manufacturers in the direction of its German parent, but that is about as far as it goes. South Africa's drive towards self-sufficiency has been a factor in excluding the country from the international trade in motor components.

Motor industry executives are hopeful that the stimulatory measures will boost sales after last year's market decline in which the number of new cars sold dropped by almost one quarter. The heightened competition engendered by the shrinking market discouraged many manufacturers from increasing prices even though their costs were increasing sharply as the declining rand boosted the prices of imported components. As a result, virtually every motor manufacturer lapsed into the red last year and several started to look at the possibility of following Alfa Romeo and Renault and throwing in the towel.

Alfa Romeo's decision to pull out of South Africa last year neatly sums up the problems faced by motor manufacturers when an over-traded market is hurt by a sharp sales decline and squeezed margins. Alfa's manufacturing plant near the Transvaal town of Brits, which can assemble about 18,000 cars a year, operated for most of last year at only slightly more than one third of its rated capacity. Not only were overheads at the R100m plant crippling any chance of restoring the operation to profits, but the company's Italian parent was obliged to inject about R28m last year into its subsidiary last year to cover foreign exchange and other losses.

Renault terminated its assembly operations before Alfa, while the Peugeot marque vanished from the South African scene as Samcar, Anglo American Corporation's vehicle assembler, decided to drop the line as part of its rationalisation programme. Rationalisation has to be the name of the game if the motor industry is to be restored to profits.

With Alfa and Renault gone, South Africa has been left with eight motor vehicle assemblers for a market half the size of Australia's, which is served by three local manufacturers. But cutting the number of assemblers is easier said than done. General Motors, which had just over 9 per cent of the car market last year, spent several months seeking a merger candidate and came close to striking a deal with BMW, the German luxury car maker. But others have been reluctant to initiate merger talks.

Survive

Toyota, with almost a quarter of the market, and Samcar, with just over one fifth, are probably strong enough to survive on their own. However, Nissan, which accounted for less than 7 per cent of all cars sold last year, might have difficulty returning to profits unless it merges with another manufacturer.

Last year Sanlam, the country's second largest insurance company, acquired loss-making Nissan from the Messina group and promised to finance the cost of necessary re-tooling for new models. And while foreign firms remain reluctant to invest new funds in South Africa, it seems that the most secure future for car makers will be under the control of local instiutions. In 1984 Ford had no qualms about merging with Anglo American's car interests and taking a minority stake in the resultant Samcar. Others might have no option but to follow suit if they want to remain in South Africa.

Poised between reform and revolt

CONTINUED FROM PAGE 1

Many, but far from all, of the humiliating racial restrictions on a social level have been, or are being removed. Bigotry is far from dead, but laws preventing sexual relations and inter-racial marriage have been scrapped, more and more local authorities are integrating their transport systems, desegregating beaches and so forth. More and more cinemas, restaurants, hotels, discos and the like are becoming "international."

The truth on the ground is that some city centre areas have already become *de facto* "grey areas" where people of all races live and work in formally white areas—despite stubborn defence by the government of the Group Areas and separate Amenities Acts—the bedrocks of racially separate living.

Human nature being what it is many of those living illegally in this way are exploited by their white landlords.

Last month Johannesburg and Durban became the first cities formally to open up their central business districts to all races. The local town council in East London even jumped the gun by voting to do away with the Group Areas Act and to open up residential areas to all races—before being jumped upon by Pretoria. For now, "group areas"—and separate educational and other facilities—remain sacrosanct.

The trend, however, seems to be moving inexorably towards devolving decisions like these down to a local level. In future, one can foresee a pattern in which the more die-hard, traditional white areas will rigidly enforce their local ordinances while the more cosmopolitan or liberal minded areas quietly do their own thing—leaving it to individuals to vote with their feet if they want to.

This year is supposed to see a fundamental reorganisation of local government with the scrapping of provincial councils, the creation of new provincial executives, directly responsible to the president, and also new regional service councils (RSCs).

Black and white local councillors will sit on these new councils. One of the aims is to ensure that the richer tax base of prosperous white suburbs will be partly used to fund infrastructure development in the adjacent black townships whose inadequate tax base is a fundamental weakness of the 1982 Black Local Councils Act. In theory, the affluent whites of Johannesburg's northern suburbs, for example, will be able to salve their liberal consciences by pumping in money for the development of riot-torn Alexandra, a neglected third world slum, surrounded by some of the most elegant suburbs in the world.

The operative words, however, are "in theory." There are still grave doubts over the practicability of the RSCs—for the same reason which places a question mark over President Botha's offer to create a new national statutory council.

The proposed council, which replaces the offer made last year to create a non-statutory forum, will be chaired by President Botha himself. It is designed to give substance to the Government's offer to give blacks access to decision making at the highest level, supposedly to compensate them for the fact that blacks are excluded from the tri-cameral Parliament introduced under the 1984 constitution.

Thus far, the offer has received no takers, despite the fact that the government has made it clear that it now accepts that the present constitution is fatally flawed. It is offering the new council as a body within which blacks will be invited, not only to discuss and help shape proposed legislation, but also to discuss with the Government the shape of a new constitution—on federal or confederal lines—which would give practical shape to "power-sharing."

High risk

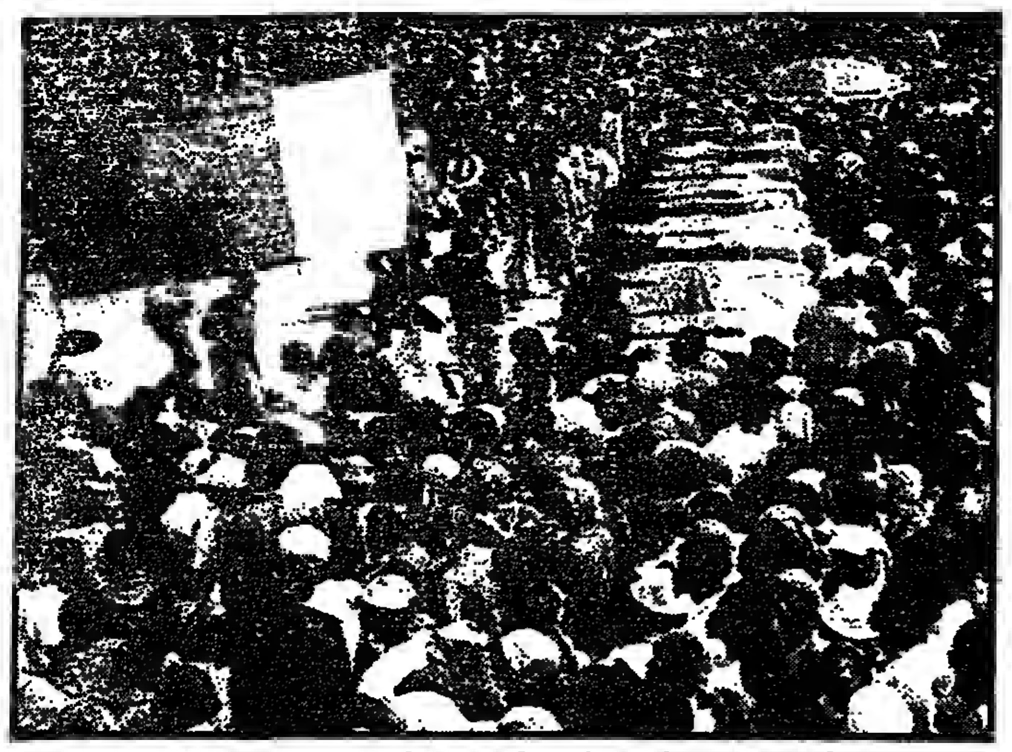
The reason is that no black leader who values his life and his credibility amongst the increasingly politically aware and radicalised black majority can risk getting publicly involved with a government whose commitment to the abolition of apartheid is still deeply suspect and whose historic track record is appalling.

No sensible black leader will risk being associated with a government, the credibility of which among blacks is near zero, whose police, over the last two years have killed nearly 800 of the total 1,200 killed in unrest and which, last but not least, continues to ban and imprison community leaders and their organisations.

First and foremost, amongst these is the African National Congress (ANC) which has been banned since 1960 while its leader, Nelson Mandela has been in jail since 1962.

We are black to the stalemate. Last month President Botha removed the partial state of emergency introduced on July 21 after 220 days during which nearly 8,000 people, the vast majority blacks, were detained and during which nearly 600 people were killed, also mainly blacks.

Roughly one-third of the deaths, however, are attributable to black on black violence. Many of the victims have been black policemen and black local councillors — described as "system blacks" or collaborators, or real and suspected police informers.



Twenty thousand people attended a funeral service earlier this year for 17 victims who died in four days of bloody violence in Alexandra. The coffins are draped in the flags of the banned African National Congress. The ANC is currently riding the crest of the wave: its international prestige is unprecedented

Often they have died horribly-stoned or hacked to death or "necklaced" — burnt to death by a petrol-soaked rubber tyre placed around their necks. Others have been the victim of increasingly vicious fighting between rival black political organisations, or between factions of the same organisation.

Sometimes the violence has had tribal overtones—as in the tribal faction fights between the poorest of the poor in the squatter townships of Natal. On occasions the violence has had racial as well as political and economic undertones—as in the fighting between blacks and Indians in the shanty suburbs of Durban last August.

Apartheid, backed up by a powerful and often ruthless police / army presence, has ensured that few whites have been killed. The violence has mostly been white on black, essentially in the form of an unequal contest between largely unarmed blacks and heavily armed police, and or army, in the townships which have been the real battlefields.

Given this degree of polarisation—and bitterness—what can be done? The conclusion reached by many at home and abroad, including many in the increasingly outspoken, albeit repetitive, business community is: release all political prisoners, including, and especially, Nelson Mandela, lift the ban on the ANC and other banned organisations, allow the return of exiles and engage in real negotiations with real black leaders.

It will not be easy. For a start, most whites, including those in the government, have only a hazy idea as to who the real leaders of the black communities are, and what is their real strength and support. The same applies to most blacks, for whom men like Nelson Mandela, whom they have not been allowed to see or hear for over two decades, are martyrs, heroes and symbols, not flesh and blood politicians with all their faults and weaknesses.

There is also the grave risk that when it comes to counting heads and taking up positions, what looks now like black unity against apartheid and white domination will degenerate into bitter internecine fighting—perhaps on tribal as well as ideological and political lines. There are already signs of this in the black on black fighting in the townships—and the increasingly bitter dispute between Chief Mangosuthu Buthelezi, leader of the Zulu-dominated Inkatha movement and leaders of the ANC and the UDF.

Ultimately, however, this kind of process will have to take place in South Africa—with the risk that when it does die-hard whites, who, ominously have already started taking pot-shots at innocent blacks and enrolling in para-military organisations like the Weerstandsbeweging — will take to the streets. If it reaches this point, then the military might have to step in as final arbiter.

This is precisely the kind of scenario, however, which responsible black leaders, including homeland leaders like Chief Buthelezi, many in the ANC and the overwhelming majority of black one encounters, want to avoid as passionately as most middle of the road whites.

The initiative in avoiding it, according to men like Viljoen, cannot be only with the whites. It would help crucially if black, especially but exclusively, the ANC, could come forward with something more creative than the stereotype formula of "one man, one vote in a unitary South Africa."

Above all, what the Government, and most whites require, is for the ANC to drop its formal committment to overthrowing the Government by violence.

For all sorts of reasons that is a difficult, probably impossible, condition for the ANC to accept at this stage. Which is why the Government has embarked on a two-pronged strategy, which consists of implementing reforms and offering power sharing talks at home, while moving resolutely to close the borders to armed ANC infiltration on the other.

Radicals

The ANC is already regarded as being too moderate by radical youths who have made many townships virtually no-go areas and are waiting impatiently for Umkhonto We Sizwe to replace the wood or plastic AK-47 rifle facsimiles they brandish at funerals with the real thing. Many believe that the revolution is at hand and suspect that the ANC is not radical enough.

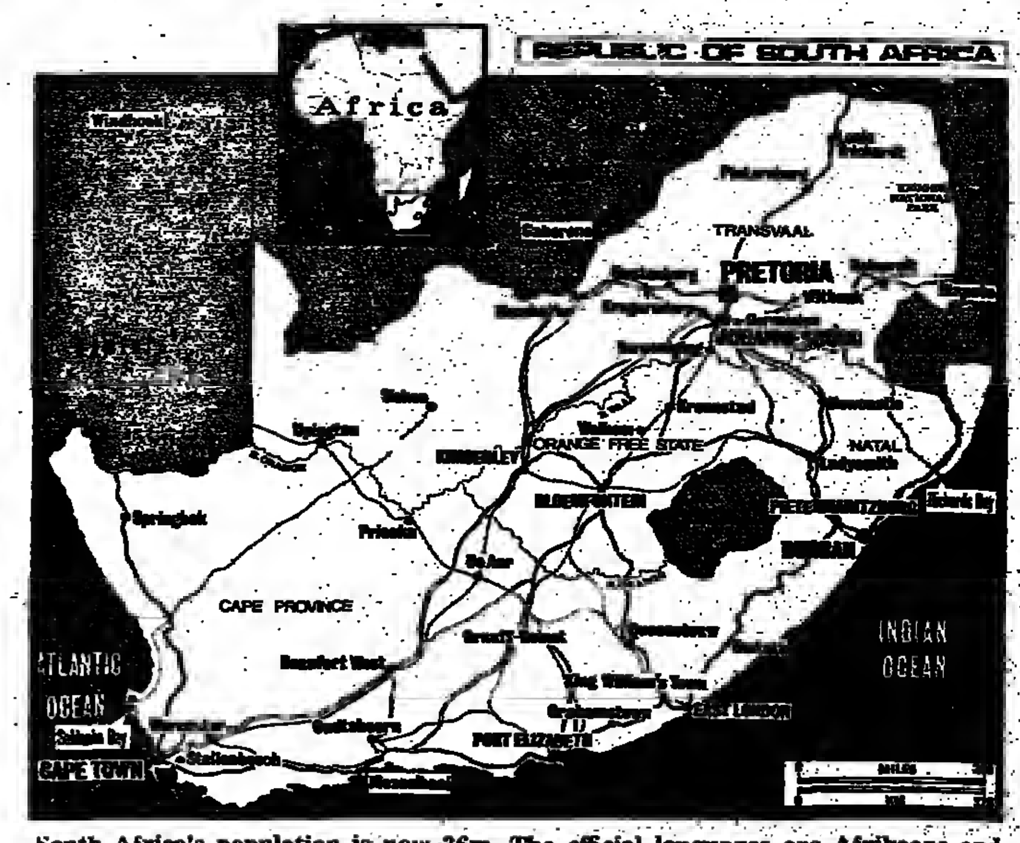
Convincing these radicals that their perception is wrong and that revolution is not around the corner is one of the main priorities of the security forces.

It is no co-incidence that Lesotho, Botswana and Zimbabwe, in different ways, have been obliged to co-operate more closely with the South African defence force against the ANC. It was the inevitable response to the threat of Mr Oliver Tambo, the ANC president in exile, to "escalate the political and military offensive" and make 1986 the year of Umkhonto we sizwe (spear of the nation), the ANC's military wing.

That threat, reflected in the spate of landmine explosions and increased efforts to infiltrate armed cadres and weapons into the townships, could well now diminish in effectiveness. Ironically this could be to the long term advantage of the ANC as a political organisation, where its real international and local strength lies.

Currently, the ANC is riding the crest of a wave. Its international prestige is unprecedented, while at home, its exiled headquarters in Lusaka has become a place of political pilgrimage for South Africans as diverse as Mr Gavin Relly, chairman of the Anglo American Corporation and Mr Cyril Ramaphosa, general secretary of the National Union of Mineworkers (NUM).

The hope must be that a combination of political success and military failure will persuade its leaders to concentrate on finding a political solution to South Africa's future which will not lead to a one party state, but towards a flourishing multi-party and non-racial South Africa which at present remains, but a distant, and elusive, goal.



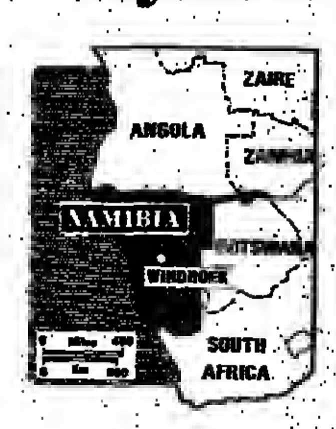
South Africa's population is now 36m. The official languages are Afrikaans and English; among the African languages the most widely spoken are Xhosa and Zulu.

Signs of economic recovery

Namibia

LARRY KLINGER

Ovambo troops in training in Namibia



FOR THE past 20 years the South West Africa People's Organisation (Swapo) has been dedicated to seeking the end of Pretoria's illegal control over Namibia, the former German colony and League of Nations territory.

Swapo's struggle has been an uphill task for most of the time, given the logistical problems of fighting a war in a country nearly twice the size of France, much of it covered by desert or mountains, and with only about 1.1m inhabitants.

More than 60 per cent of these are Ovambos who live in the well-watered tribal farmlands and villages of Ovamboland south of the frontier with Angola. This is where Swapo, which started life as the Ovambo People's Organisation, has its natural, tribal base.

It is also where the war—a series of skirmishes in which lightly armed Swapo units infiltrated from Angolan bases come into unequal contact with one of the best armed and equipped anti-guerrilla forces in the world—has been confined.

Every year, during the New Year rainy season, Swapo attempts to infiltrate its units far enough to penetrate the white commercial farming areas some 250 kms to the south. Every year it is repulsed.

This year, according to the military in the territory's capital of Windhoek, Swapo is at its lowest ebb for years. In 1985, the combined South West Africa Territorial Force (Swatf) killed nearly 600 Swapo guerrillas. It killed a further 131 in the first two months of this year, many in cross-frontier hot-pursuit raids into Angola.

What is perhaps more significant is that Swapo's military weakness is matched by growing signs of internal political disarray between those who want to continue the armed struggle and those who want to return to the political arena, which is a prime objective of both Pretoria and its Administrator-General in Windhoek.

This has led to a new mood of optimism among politicians in Windhoek, and significantly, the view is not simply the province of the white establishment but is also widely expressed by Namibians sympathetic to the left-wing Swapo cause.

Swapo intimates inside Namibia, where the organisation is allowed to act openly, with limitations, as a political opposition party, say that those advocating continuation still are fast declining.

A similar rift is straining essential discipline among the guerrillas themselves. This is thought in Windhoek to be the only explanation for the recent detention in Angola of about 100 Swapo cadres, including four from the top leadership. Swapo's official explanation is that the detentions relate to an investigation of infiltration by South African spies.

More confidence

Meantime, Namibia's economy is showing signs of recovery, with improvement in both the territory's private sector mainstays, mining and agriculture, which account for more than 40 per cent of gross domestic product.

Officials say that the depreciation of the rand will mean a significant increase in the value of dollar-denominated mineral exports on long-term contract and that this season's rainfall, the best since 1978, has ended the territory's prolonged drought. Cattle prices are also up 12 per cent in sterling terms.

Overall, 1985, for which official figures are nearly complete, should show real growth in gross domestic product, albeit at only around 1 per cent, after negative growth in most of the past seven years.

Business confidence seems on the upswing, and skilled whites are returning. Their exodus during the racial strife in the past decade saw the white population drop from 105,000 in 1971 to 75,000 in 1981.

Sober minds, however, warn on the side of caution. The Namibian situation is rife with unpredictables. Recent history has demonstrated the dangers of predicting the future strength of guerrilla movements, and the continued level of commitment to Swapo by the Soviet Union and Cuba is unknown — as is South Africa's real commitment to implementation of the UN's demand for full Namibian independence through internationally supervised elections which Pretoria still believe Swapo could win.

South Africa continues to maintain that it will grant independence along the lines of UN Resolution 435 and only this month set an August 1 target for a start on implementing the UN programme if Cuban troops would quit Angola. Pretoria also insists that the non-elected Namibian Government installed nine months ago is purely transitional and in no way represents a move towards any kind of unilateral declaration of unilaterally.

However, some political leaders in Windhoek suggest that, even if a Cuban presence remained, Swapo's weakness and the rising internal pressures on the Angolan Government might allow South Africa to move fast declining.

A sequence of events suggested is for the Transitional Government to abolish the last vestiges of statutory racial discrimination, drew up and approve a constitution based on internationally recognised guarantees of human rights, and then submit it to the widest possible adult electorate in an internationally supervised poll.

The aim would be not only to satisfy Pretoria but also South Africa's black neighbours, the so-called front-line states, and the UN Contact Group of negotiators with South Africa — the US, Britain, France, West Germany and Canada. Acceptance by the Contact Group would be necessary to counter the inevitable protests from Communist nations and others in the radical Third World.

Concurrent with these political moves, the theory goes, the economy would be put on a more sound footing by raising effective taxation on multinational mining profits and abolishing the 11 racially-based administrations in the territory. These were instituted during the turbulent late-1970s to placate white fears but have proved to be corrupt, socially divisive and revenue-draining.

Thus far, however, the interim Government has proved more of a talking-shop than an effective administration. One of its immediate tasks is to establish more effective control over the mining corporations.

Last month, a special commission under Mr Justice Pieter Thirion presented its final report on the activities of Consolidated Diamond Mines (CDM), the Namibian subsidiary of De Beers, which runs the world's largest beach-sand diamond operation from its base in Orangemund in the far south of Namibia.

Criticisms

The report accused CDM of overmining high-grade deposits in a way which would substantially reduce the life of the mine and leave billions of rands' worth of smaller diamonds in the ground.

It also accuses the company of transfer pricing and other practices which reduced the tax revenue of Namibia and blamed officials of the South West Africa Diamonds Board of failing to exercise control over the production and export of gem stones.

Meanwhile, critics of the Grand Theory being postulated in Windhoek, caution against expectations of any kind of independence immediately.

"On past performance, one can expect Pretoria to bend only a little when the chips are down," says one community leader. "With South Africa, it is never a matter of what they say, but whether they are really prepared to act."

It is also almost impossible to believe that South Africa would act without the agreement of the US, and what the Americans might be prepared to support without a Cuban withdrawal is another uncertainty.

Nevertheless, the word from Pretoria is that there are "existing options" to be considered if August 1 passes without an open deal being struck.